EXHIBIT B

UNITED STATES DISTRICT COURT

DISTRICT OF SOUTH CAROLINA

CITY OF ANN ARBOR EMPLOYEES' RETIREMENT SYSTEM, On Behalf of Itself and All Others Similarly Situated, Plaintiff, vs. SONOCO PRODUCTS CO., HARRIS E. DELOACH JR., and CHARLES J. HUPFER, Defendants.	No. 4:08-cv-02348-TLW-TER

DECLARATION OF JOHN D. FINNERTY, Ph. D.
IN SUPPORT OF LOSS CAUSATION AND MARKET EFFICIENCY

I. Qualifications

1. My name is John D. Finnerty. I am a Professor of Finance and the former Director of the Master of Science in Quantitative Finance Program in the Graduate School of Business Administration at Fordham University. I was awarded early tenure in 1991, and received the Gladys and Henry Crown Award for Faculty Excellence in 1997. I have published thirteen books, including Corporate Financial Management, 3rd ed., Principles of Financial Management, and Debt Management, and more than 90 articles and professional papers with respect to corporate finance, fixed income, and business and securities valuation. I have served as the Chair of the Trustees, President, and Director, and I am currently a Trustee, of the Eastern Finance Association, an academic finance organization. I have also served as the President and Director of the Fixed

Income Analysts Society, an association of finance professionals based in New York City. I am a former editor of Financial Management, one of the leading academic finance journals, and a former editor of FMA Online. I am a member of the editorial board of the Journal of Portfolio Management.

2. My teaching and research deal mainly with corporate finance, investment banking, and fixed income securities valuation and portfolio management. I have previously published a paper on the calculation of damages in securities fraud cases entitled, "An Improved Two-Trader Model for Measuring Damages in Securities Fraud Class Actions," which was published in the Spring 2003 issue of the Stanford Journal of Law, Business & Finance. I have extensive experience calculating damages in securities fraud cases.

3. I am also a Managing Principal at Finnerty Economic Consulting, LLC (FinnEcon®), which provides financial consulting and valuation services to law firms, corporations, industry associations, and government agencies.

4. Prior to forming FinnEcon® in 2003, I was a Managing Principal at Analysis Group, Inc., an economic consulting firm. Prior to joining Analysis Group, I was a Partner (non-audit) in the PricewaterhouseCoopers Financial Advisory Services Group for five years, and previously held investment banking positions at Morgan Stanley, Lazard Frères, McFarland Dewey, and Houlihan Lokey Howard & Zukin.

5. I received a Ph.D. in Operations Research from the Naval Postgraduate School, an M.A. in Economics from Cambridge University where I was a Marshall Scholar, and a B.A. in Mathematics from Williams College. Attached as Appendix A is a true and correct copy of my current resume, which lists all publications I have written or co-authored and

includes a brief description of my trial and deposition testimony within the past four years.

6. My firm is being compensated at a rate of $695 per hour for my work on this matter, and my compensation is not contingent on my findings or on the outcome of this matter. Some of the analyses in this declaration have been performed by my staff working under my direction.

II. Assignment and Summary of Opinions

7. Robbins Geller Rudman & Dowd LLP ("Robbins Geller") counsel for the plaintiffs in this matter, has asked me to perform the following tasks: (1) opine on the efficiency of the market for the common stock of Sonoco Products Company ("Sonoco") during the period extending from February 7, 2007 through September 18, 2007 (the "Class Period"), (2) conduct an event study for the common stock of Sonoco Products Company ("Sonoco") during the Class Period and determine whether the declines in the price of Sonoco common stock on July 20, 2007 and September 18, 2007 were statistically significant, and (3) perform a loss causation analysis and opine on whether the declines in the price of Sonoco common stock on July 20, 2007 and September 18, 2007 were attributable to and substantially caused by identifiable news events relating to the disclosure of the fraud allegedly committed by Sonoco during the Class Period.

8. I have reached the following opinions after conducting appropriate studies, the results of which are described in this declaration:

   - The market for the common stock of Sonoco was open, developed, and efficient during the Class Period.

- The abnormal return of Sonoco's common stock on July 20, 2007 is -12.63%, and the abnormal return of Sonoco's common stock on September 18, 2007 is -10.37%. Both abnormal negative returns are highly statistically significant.
- The abnormal returns on Sonoco's common stock on July 20, 2007 and September 18, 2007 were substantially caused by identifiable news events that disclosed the alleged fraud involving problems in Sonoco's flexible packaging business due to price concessions to at least one major flexible packaging customer and the loss of major flexible packaging accounts, which Sonoco allegedly failed to disclose to investors in a timely manner. This opinion is based on the statistical significance of the negative abnormal returns on each of these days according to my event studies and my analysis of other company news and intra-day stock price movements.

9. Appendix B lists the documents I considered in coming to my opinions in this matter.
10. The balance of this declaration is organized as follows. Section III describes the event study methodology that I use in the subsequent sections of this declaration to analyze loss causation and to assess market efficiency. Section IV analyzes loss causation on the two key disclosure dates, July 20, 2007 and September 18, 2007, which are specified in the complaint in this matter. Section V assesses the efficiency of the market for Sonoco's common stock by summarizing the market efficiency analysis I presented in my declaration in connection with the lead plaintiff's motion for class certification in this matter.[1]

[1] Declaration of John D. Finnerty, Ph.D. in Support of Lead Plaintiff's Motion for Class Certification, in the Matter of City of Ann Arbor Employees' Retirement System v. Sonoco Products Co., et al., November 16, 2009.

III. Event Study Methodology

11. I performed event studies to test the efficiency of the market for Sonoco's common stock during the Class Period, to investigate the responsiveness of Sonoco's common stock price to the Company's announcements prior to the start of New York Stock Exchange ("NYSE") trading on July 20, 2007 and September 18, 2007, and to calculate the abnormal returns on Sonoco's common stock on those dates.

12. An event study is a standard analytical technique that financial economists use to determine whether a security's price reaction to a news announcement (or some other event) is statistically significant. In order to focus on the impact of the company-specific news on the price of a security, one calculates a security's abnormal return around the time of the announcement. A security's abnormal return is the difference between the security's actual return and its expected return. A firm's expected return is the return one would expect based on certain market and industry factors. Once one has calculated a security's abnormal returns, one can use standard statistical techniques to test whether these abnormal returns are statistically significant.

13. I calculated the expected return of Sonoco's common stock by applying the widely accepted Fama-French Three-Factor Model, which I modified to include an industry factor.[2] Eugene Fama and Kenneth French developed what is now known as the Fama-French Three-Factor Model in 1993.[3] The Fama-French Three-Factor Model "has

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[2] Fama, Eugene F. and Kenneth R. French, "Common Risk Factors in the Returns on Stocks and Bonds," *Journal of Financial Economics*, 33 (1993), pages 3-56.

[3] *Ibid*.

become widely known and adapted."[4] This model identifies three factors that explain excess stock returns:

- The excess return on the market over treasury bills ($R_m – R_f$ where R_m is the return on the market portfolio of stocks and R_f is the risk-free rate of return);
- SMB ("small minus big") – the difference between the returns on small-cap stocks and large-cap stocks; and
- HML (high minus low") – the difference between returns on high book-to-market stocks (value stocks) and low book-to-market stocks (growth stocks).

14. The regression formula for the Fama-French Three-Factor Model, which is fitted to daily data for the excess return on the stock (R_i - R_f), is:

$$R_i - R_f = \alpha + \beta(R_m - R_f) + s\ SMB + h\ HML + e \qquad \text{(Equation 1)}$$

15. This model has become widely accepted for event study analysis.[5] The Fama-French Three-Factor Model is a significant improvement on the (unadjusted) Capital Asset Pricing Model ("CAPM") because it prices the risks associated with small firm size and financial distress, as reflected in the stock's book-to-market ratio.[6] Morningstar's *Cost of Capital Yearbook*, formerly produced by Ibbotson Associates, uses the Fama-French

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[4] Emery, Douglas R., John D. Finnerty, and John D. Stowe, *Corporate Financial Management*, 3rd ed., 2007, page 178.

[5] See, for example, Boehme, Rodney D. and Sorin M. Sorescu, "The Long-run Performance Following Dividend Initiations and Resumptions: Underreaction or Product of Change," *Journal of Finance*, 57, 2002, pages 871-900, and Ang, James S. and Shaojun Zhang, "An Evaluation of Testing Procedures for Long Horizon Event Studies," *Review of Quantitative Finance and Accounting*, 23, 2004, pages 251-274.

[6] Emery, Douglas R., John D. Finnerty, and John D. Stowe, *Corporate Financial Management*, 3rd ed., 2007, page 179.

Three-Factor Model, among others, to calculate the cost of equity capital for firms in various industries.[7]

16. I modified the Fama-French Three-Factor Model to include the returns of an index of containers and packaging common stocks to take into account the sensitivity of Sonoco's stock price to movements in other containers and packaging companies' stock prices, which will reflect developments in the industry external to Sonoco that affect all containers and packaging products companies. The regression formula for my Modified Fama-French Three-Factor Model is:

$$R_i - R_f = \alpha + \beta(R_m - R_f) + s\ SMB + h\ HML + i\ Industry\ Index + e \quad \text{(Equation 2)}$$

17. *Industry Index* is the percentage change in the S&P 500 Containers & Packaging Paper Industry Index. The coefficient *i* measures the contribution of industry-wide factors, as measured by the daily percentage change in the S&P 500 Containers & Packaging Paper Industry Index, to the daily excess returns on Sonoco's common stock.[8] The members of the S&P 500 Containers & Packaging Paper Industry Index as of February 7, 2007 were: Ball Corporation (BLL), Bemis Company Inc. (BMS), Pactiv Corporation (PTV), Sealed Air Corporation (SEE), and Temple-Inland Inc (TIN).

IV. Loss Causation

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[7] Morningstar, *Cost of Capital 2007 Yearbook*, 2007, page 23.

[8] Sonoco compares its stock price performance to the S&P 500 Index and the Dow Jones U.S. Containers & Packaging Group Index in its Form DEF 14A, which it filed with the SEC on March 17, 2006. The Dow Jones U.S. Containers & Packaging Group Index includes Sonoco. In order to effectively measure the contribution of industry-wide factors to Sonoco's stock price movements, it is important to use an industry index of stocks that are comparable to Sonoco but which does not include Sonoco. Sonoco should be excluded from the comparative index in order to avoid the measurement bias that would result from measuring the performance of a stock relative to itself. I therefore used the S&P 500 Containers & Packaging Paper Industry Index, which does not include Sonoco, to adjust for industry-wide factors.

18. I performed a "loss causation" analysis to determine whether the statistically significant abnormal returns on Sonoco's common stock on each of the disclosure dates, July 20, 2007 and September 18, 2007, could be attributed to the corrective disclosures made on those two dates. This analysis involves examining the results of appropriate event studies, which were described in the preceding section of this declaration, in the light of all available company news and intra-day stock price movements on these dates to determine whether other announcements might account for part or even all of the price declines. In particular, I reviewed Sonoco's and its management's disclosures, press articles, and securities analyst commentary during and subsequent to the Class Period, including immediately following the July 20, 2007 and September 18, 2007 announcements and also following the October 19, 2007 announcement because of the nature of the information conveyed by that announcement about Sonoco's flexible packaging business on that date.

A. Impact of General Economic Conditions and Changes in Stock Prices Generally

19. The value of a share of common stock will change in response to changes in general economic conditions, such as changes in the rate of economic growth, the outlook for inflation, or other macroeconomic factors, which can affect common stock prices generally. Exhibit 3 plots Sonoco's common stock price and the value of the Standard & Poor's 500 ("S&P 500") Index from immediately prior to the first corrective disclosure through the end of the Class Period. Sonoco's common stock price decreased 30.52% whereas the value of the S&P 500 fell 2.14% and the NYSE Composite Index fell 2.80%. Thus, only a very small fraction of the change in Sonoco's common stock price during this period could be explained by changes in share prices generally during this

period. I conclude that changes in Sonoco's common stock price during the Class Period cannot be attributed solely to macroeconomic factors or to market-wide movement in stock prices.

20. To control for any effect of macroeconomic factors and changes in stock prices generally on Sonoco's stock price in my event studies, I have included the S&P 500 Index in the Modified Fama-French Three-Factor Model I described earlier in this declaration.

B. Effect of Industry-Wide Factors

21. The value of a share of common stock is also affected by business conditions and developments specific to the industry in which the stock issuer operates, which in the case of Sonoco is the containers and packaging products industry. In the section explaining the event study methodology, I described the market-weighted *Industry Index* consisting of the stock returns of all the members of the S&P 500 Containers & Packaging Paper Industry Index during the Class Period. Changes in the *Industry Index* reflect developments in the containers and packaging products industry that will affect all stocks in the industry.

22. Exhibit 4 plots Sonoco's common stock price and the value of the *Industry Index* as a proxy for containers and packaging company stock prices from immediately prior to the first corrective disclosure through end of the Class Period. Sonoco's common stock price decreased 30.52% whereas the value of the *Industry Index* declined 11.61% during this period. Thus, only about one-third of the change in Sonoco's common stock price could be explained by changes in the *Industry Index* during this period. In any case, I conclude that changes in Sonoco's common stock price during the Class Period cannot

be attributed solely to developments external to Sonoco that are specific to the containers and packaging products industry.

23. To control for the effect of industry-wide factors on Sonoco's common stock price, I have included the *Industry Index* in the Modified Fama-French Three-Factor Model I described earlier in this declaration.

C. Impact of Company-Specific Factors

24. Macroeconomic factors, stock-market-wide factors, and containers and packaging industry-specific factors could account for no more than about half of the changes in Sonoco's stock price during the Class Period.[9] The rest of the variation is due to idiosyncratic factors specific to Sonoco's business. Sonoco's disclosures reveal that during the Class Period these company-specific factors were predominantly concentrated in Sonoco's Consumer Packaging business segment, and specifically, in its flexible packaging division.

D. Sonoco's Alleged False Statements and Omissions

25. The complaint in this matter specifies both alleged false statements and alleged omissions of material fact. The distinction is economically important. Material false statements will artificially inflate the price of a company's stock (the stock price may go up in reaction to the statements or an otherwise expected decline in the stock price may be mitigated as a result of the statements) as investors react to the falsely positive information in the belief that it is true and materially complete. Omissions of material adverse information, on the other hand, artificially avoid the negative stock price

[9] It is important to point out that one should not simply add the percentages attributable to stock-market-wide factors and industry-specific factors because there is some double-counting to the extent that changes in the *Industry Index* are correlated with changes in the S&P 500 Index.

reaction that would be expected to occur if the true negative and/or materially complete information were disclosed to investors. Both false statements and omissions result in artificial stock price inflation: the false statements (fraud by commission) trigger a price increase or mitigate an otherwise expected price decrease that would not occur but for the fraud, and the omission of material negative information (fraud by omission) avoids a price decrease that would occur but for the fraud. In both cases, the firm's stock price can be expected to drop when the fraud is revealed.

26. As alleged in the complaint in this matter, beginning in the second half of 2006, Sonoco's flexible packaging division granted price concessions to Mars and other large customers.[10] Additionally, the complaint alleges that the flexible packaging division lost at least two key accounts both involving very large Sonoco customers prior to the start of the 2007 fiscal year.[11] Against the backdrop of these adverse developments, the actions and comments made by Sonoco's management in 2007 allegedly included both economically significant false information and economically significant omissions of information concerning Sonoco's flexible packaging business.

1. February 7, 2007 Earnings Announcement

27. Sonoco's earnings press release on February 7, 2007 covered its fourth quarter 2006 and full year 2006 results and also provided management's first quarter 2007 outlook. The press release stated, "Both the upcoming quarter and annual forecasts are given assuming no significant change in companywide volumes and/or prices due to a change

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[10] Complaint, paragraph 31.

[11] *Ibid.*

in general economic conditions."[12] Despite knowledge of price concessions and the loss of key accounts in flexible packaging, Sonoco's public forecasts for 2007 did not contain any warning about the potentially significant impact of the price concessions and lost sales volume on the flexible packaging segment's 2007 earnings before interest and taxes ("EBIT"). [redacted]

28. Later that same day, during a company-sponsored conference call with securities analysts, CFO Charles Hupfer ("Hupfer") stated in response to a securities analyst's question, "Actually I think our margins have been improving each of the last years. For the year it's about 9.5% and built into the numbers that are built into our projections of 2.28-2.31. That gets right at the 10% EBIT margin."[14] His comments suggest improved EBIT margins for 2007, despite the projected significant impact of the price concessions and loss of sales volumes due to the loss of key accounts on the flexible packaging division's EBIT contribution for the coming year.

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[12] Bloomberg L.P., "Sonoco Reports 2006 Fourth Quarter and Twelve Months Financial," February 7, 2007.

[13] Flexible - 2007 Budget Packaging, Sonoco, undated. Bates numbers SON-E-000001148 through SON-E-000001176 especially SON-E-000001154. [redacted] *See* Flexible Packaging Division 2007 Budget – EBIT Drivers, Sonoco, undated, and Flexible Packaging Division, 2007 Budget vs 2007 Strategic Plan, Sonoco, undated, both included among documents bearing Bates number SON-E-000008356. *See* also Flexible Packaging Division 2007 Budget – Sales Bridge, Sonoco, undated, included among documents bearing Bates number SON-E-000005382.

[14] Thomson Street Events, "SON - Q4 2006 Sonoco Products Earnings Conference Call," February 7, 2007.

2. February 22, 2007 Morgan Stanley Basic Materials Conference Presentation

29. At the Morgan Stanley Basic Materials Conference, CEO Harris DeLoach, Jr. ("DeLoach") and Hupfer spoke about Sonoco's 2006 performance and Sonoco's outlook for 2007. For 2007, DeLoach said, "We're also focusing on continuing to improve operating margins in the 10 to 11% range through productivity improvements, price management, cost reductions and continuing to turn around any underperforming plants that we may have in our global network."[15] After discussing 2006 performance in detail, Hupfer reaffirmed Sonoco's earnings guidance for full year 2007 by stating, "This is not new guidance, nor am I updating the guidance. What I'm doing here is just reporting on what we wrote in our press release and talked about at our conference call on February 7."[16] Neither DeLoach nor Hupfer informed investors of the price concessions or lost sales volumes due to the loss of key accounts in Sonoco's flexible packaging division when reaffirming their guidance for 2007.

3. April 20, 2007 Earnings Announcement

30. In the first quarter 2007 earnings announcement on April 20, 2007, DeLoach stated, "In addition, we are pleased to be able to recover much of the materials and other cost increases experienced during the quarter through higher selling prices."[17] DeLoach pointed to price increases and how they would help protect against rising costs. However, he failed to inform investors of the price concessions that Sonoco had previously granted to key customers that could adversely affect net sales and EBIT. The

[15] Thomson Street Events, "SON - Sonoco Products at Morgan Stanley Basic Materials Conference," February 22, 2007.

[16] *Ibid.*

[17] Bloomberg L.P., "Sonoco Reports First Quarter 2007 Financial Results," April 20, 2007.

press release included detail on the consumer packaging business segment and its first quarter 2007 performance. Sales in the segment were up due to "acquisitions, higher selling prices and favorable foreign currency rates," but "price increases were mostly offset by higher material, labor, energy and freight costs."[18] Despite two references to price increases in the consumer packaging segment, Sonoco's management failed to disclose the economically significant price concessions that Sonoco had granted to key customers in the flexible packaging division.

31. During the company-sponsored April 20, 2007 conference call with securities analysts, DeLoach was asked to explain Sonoco's ability to achieve double-digit profit margins in consumer packaging. He responded, "I think it's achievable and we're on the road to get there."[19] Reaching double-digit profit margins would be much more difficult in the face of the price concessions Sonoco had granted to key flexible packaging customers, but DeLoach failed to disclose that the price concessions had been granted.

32. The first quarter earnings announcement and the positive statements Sonoco management made during the conference call on April 20, 2007 were favorably received by securities analysts. Sonoco's common stock rose 8.33% on April 20, 2007. Based on the information Sonoco provided on April 20, 2007, securities analysts at Wachovia concluded, "(W)e believe that an acceleration in consumer packaging margins could act as a catalyst for the stock, noting that every other business is yielding multi-year highs for operating margins."[20] Had the Company disclosed the previously granted price

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[18] *Ibid.*

[19] Thomson Street Events, "SON - Sonoco 2007 First Quarter Financial Results Conference Call," April 20, 2007.

[20] Wachovia Capital Markets, LLC, "Sonoco Products Co.; SON: Executing In Difficult Cost Environment," April 20, 2007.

concessions and the decreased sales volumes due to the loss of key accounts in the flexible packaging division, it is reasonable to expect that securities analysts would have reacted less enthusiastically to the information and been less optimistic about Sonoco's growth prospects.

33. [redacted]

4. May 9, 2007 Bank of America Industrials Conference Presentation

34. On May 9, 2007, Hupfer spoke at the Bank of America Industrials Conference, focusing on Sonoco's first quarter 2007 performance and the outlook for the balance of the year. In describing how Sonoco managed its pricing, Hupfer said, "(O)ur ongoing productivity provides significant profitability year after year and, maybe most importantly, that we manage price/cost effectively in pretty volatile markets."[22] Regarding the first quarter, Hupfer said, "So we saw good volume. It's a little spotty in some areas, but generally good volume. Of course, pricing was an important factor."[23] However, he failed to disclose the price concessions granted to key flexible packaging customers when he discussed why "pricing was an important factor." When discussing Sonoco management's guidance for full year 2007, Hupfer said "that means that we will have a

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[21] Financial Review 1st Quarter 2007 Business Unit – Flexible Packaging, Sonoco, undated. Bates numbers SON-E-000000664 through SON-E-000000667, especially SON–E—000000664.

[22] Thomson Street Events, "SON - Sonoco Products at Bank of America BASic/Industrials Conference," May 9, 2007.

[23] *Ibid.*

continuation of the pricing initiatives that we started early in the year, and that they will follow through in the second and third quarter, especially. So that's our guidance for the year."[24] When Hupfer referred to the pricing initiatives Sonoco had instituted earlier in the year, he failed to disclose the price concessions granted to key flexible packaging customers prior to February 2007 or to alert investors about their possible impact on Sonoco's 2007 operating results.

E. Loss Causation Analysis for the Two Corrective Disclosure Dates

35. The first part of this section explains why the decline in the price of Sonoco's common stock during the Class Period can only be partially attributed to macroeconomic factors, general changes in stock prices, or factors specific to the containers and packaging products industry. The balance of the stock price declines during the Class Period must be attributed to news related to developments specific to Sonoco's business, including in particular, its flexible packaging division. The remainder of this section of the declaration examines the stock market's reaction to Sonoco's earnings announcements on each of the corrective disclosure dates during the Class Period identified in the complaint in this matter, July 20, 2007 and September 18, 2007.[25]

36. Sonoco's business consisted of four segments, Consumer Packaging, Tubes and Cores/Paper, Packaging Services, and everything else grouped as "Other." In 2007, the Consumer Packaging segment was the second largest segment contributing 36% of Sonoco's net sales, the Tubes and Cores/Paper segment accounted for 42%, the Packaging Services segment contributed 13%, and Other accounted for the remaining

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[24] *Ibid.*

[25] Complaint, paragraphs 74 through 84.

9%. The consumer packaging business segment consisted of four divisions, including printed flexible packaging and three other divisions.

37. The flexible packaging division produces packaging made from thin-gauge, high-value rotogravure, flexographic, and combination printed film for manufacturers of a variety of consumer products, such as confectionary and gum, snacks, beverages, coffee, processed foods, hard-baked foods, and pet food. [redacted]

1. Economically Significant and Material Information

38. Investors in an efficient market react to new information that they regard as economically significant. Economically significant information that is also new information in the sense that it has not previously been released into the market is "material" when there is a substantial likelihood that a reasonable investor considering an investment decision would regard it as having significantly altered the total mix of information when it is added to the information already available to the investor.[26]

39. Finance professionals and investors determine the value of a share of common stock by "discounting expected cash flows to equity (i.e., the residual cash flows after meeting all expense, reinvestment needs, tax obligations, and interest and principal payments) at the cost of equity (i.e., the rate of return required by equity investors in the firm)."[27] Thus, new information that would affect an investor's perception of the future cash flow prospects for a company or the riskiness of the future cash flows to an economically

[26] Alexandra Reed Lajoux and Charles Elson, The Art of M&A Due Diligence: Navigating Critical Steps & Uncovering Crucial Data, McGraw-Hill, New York, 2000, pages 157-158.

[27] Damodaran, Aswath, Investment Valuation, 2nd ed., John Wiley & Sons, Inc., New York, 2002, page 13.

significant degree would be "material" to investors and would therefore affect their valuation of the company's common stock.

40. Price concessions granted to a major customer are potentially economically significant information for investors in the common stock of the company involved. The lost revenue reduces the company's EBIT dollar for dollar. If the loss of revenue is large enough to cause a significant reduction in EBIT, then it will affect investors' perceptions of the future cash flow prospects for the company. If investors become concerned that the company might be pressured into granting price concessions to other large customers, then those concerns will affect not only investors' perceptions of the future cash flow prospects for the company but also their perceptions of the riskiness of the future cash flows. Those perceptions will reduce their assessment of what the stock is worth.

2. Sonoco's July 20, 2007 Disclosure

41. At 8:00 am on July 20, 2007, Sonoco reported its second quarter 2007 earnings in a press release entitled "Sonoco Reports Second Quarter 2007 Financial Results."[28] Base earnings for the second quarter of 2007 increased 10% over the same period in 2006.[29] Sonoco defines "base earnings" as "a non-GAAP financial measure that excludes restructuring charges, environmental charges, and certain other non-recurring or infrequent and unusual expenses."[30] Sonoco's GAAP earnings per diluted share in the second quarter 2007 decreased by 16% from the earnings per diluted share that

[28] Bloomberg L.P., "Sonoco Reports Second Quarter 2007 Financial Results," July 20, 2007.

[29] *Ibid.*

[30] *Ibid.*

Sonoco had reported in the second quarter 2006.[31] Additionally, Sonoco reported that net income for the second quarter 2007 decreased 14% as compared to net income in the second quarter of 2006.[32] Sonoco's earnings release reiterated its base earnings forecast for 2007 of $2.36 to $2.40 diluted earnings per share.[33]

42. The July 20, 2007 earnings release also provided details concerning the performance of each of Sonoco's four business segments. Aside from Consumer Packaging, the Tubes and Cores/Paper business segment had sales increase 11% and base operating profit increase 15% as compared with the second quarter 2006, the Packaging Services segment experienced a 14% rise in sales and a 34% rise in base operating profit, and the Other segment was basically flat.[34] In contrast, the Consumer Packaging segment had negative results for the quarter. While sales were up six percent in the second quarter year-over-year, base operating profit was down more than 14% from the same period in 2006.

43. The Consumer Packaging segment was the only business segment that experienced significant negative performance in base operating profit for the second quarter of 2007 as compared with the same period in 2006. Sonoco's earnings release discussed the factors responsible for this poor performance and noted that the factors that had offset increased sales in the segment were "lower volumes, price reductions in certain flexible packaging without offsetting reductions in costs, an unfavorable change in the mix of

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[31] *Ibid.*

[32] *Ibid.*

[33] *Ibid.*

[34] *Ibid.*

business, along with rising labor costs and other costs."[35] The price reductions in flexible packaging would include the impact of the price concessions Sonoco had granted to key flexible packaging customers. [redacted]

44. Prior to the market opening on July 20, 2007, news articles concerning the earnings announcement cited Sonoco's profit decline in Consumer Packaging "due to lower demand, some price cuts and higher labor costs."[37]

45. At 12:18 pm on that day, Sonoco hosted a conference call with analysts and investors regarding its second quarter 2007 results.[38] Hupfer discussed the earnings in greater detail during the call and addressed the Consumer Packaging segment specifically, stating "Frankly, our flexible division struggled during the second quarter because absent flexibles, if we took flexibles out of these numbers, both sales and operating profits would be up more than 10% in the consumer segment."[39] When pressed for details regarding the price reductions in flexible packaging, DeLoach responded that in

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[35] *Ibid.*

[36] Financial Review 2nd Quarter 2007 Business Unit – Flexible Packaging, Sonoco, undated. Bates numbers SON-E-000000670 through SON-E-000000674, especially SON-E-000000670.

[37] Bloomberg L.P., "Sonoco Profit Drops 14% on Lower Packaging Demand (Update1)," July 20, 2007.

[38] Bloomberg L.P., "Sonoco Products Co. Earnings Teleconference (Transcript) SON US," July 20, 2007.

[39] *Ibid.*

the third or fourth quarter of 2006, Sonoco had given price reductions to one of Sonoco's major customers. However, he stated that the price reductions were already accounted for in the current guidance.[40] DeLoach additionally pointed to operational inefficiencies stemming from the installation of new presses in flexible packaging as also affecting the performance of the division, but he noted that these issues were expected and that they had already been included in Sonoco's guidance for the second, third and fourth quarters.[41] Operational issues in Consumer Packaging had also previously been disclosed in conjunction with Sonoco's fourth quarter 2006 results.[42] Additionally, DeLoach speculated, "I personally expect that improvement [in operating performance] to be more rapid than what we have baked into our numbers."[43] This statement would tend to mute the impact of the negative flexible packaging disclosures.

46. Securities analyst reports released on July 20, 2007 provided some context to the earnings announcements and the factors responsible for Sonoco's unexpectedly poor second quarter performance. Securities analysts at Wachovia called Q2 2007 EPS "well below expectations."[44] In their report entitled "Earnings Reported – First Look," securities analysts at Wachovia state that "most of the shortfall seems to be due to operational issues in its flexible packaging business (small, but growing), in addition to some undercutting on price (negative for BMS/SEE) flexible packaging (very unlike

[40] *Ibid.*

[41] *Ibid.*

[42] Bloomberg L.P., "Sonoco Reports Fourth Quarter 2006 and Twelve Months Financial," February 7, 2007, and Lehman Brothers, "Sonoco Products; Strong FCF the Highlight of 2006," February 8, 2007.

[43] Bloomberg L.P., "Sonoco Products Co. Earnings Teleconference (Transcript) SON US," July 20, 2007.

[44] Wachovia Capital Markets, LLC, "Sonoco Products Co.; SON: Surprise Miss- Buy Below $40," July 20, 2007.

Sonoco)."[45] The comment concerning the undercutting on price being "very unlike Sonoco" highlights the economic significance of the price concessions Sonoco granted to flexible packaging customers in the second half of 2006.

47. Sonoco's base earnings came in just below JPMorgan's expectations for the second quarter.[46] A JPMorgan analyst report issued before the market opened on July 20 noted stronger than expected results from Tubes and Cores/Paper, but cited performance "well below" expectations in Consumer Packaging. The JP Morgan securities analysts reported that the primary cause of the drop in profit margins in the Consumer Packaging business segment was "lower volumes, price reductions in flexible packaging and an unfavorable change in mix."[47]

48. Sonoco's stock price declined 14.22% from $44.30 at the close on July 19, 2007 to $38.00 at the close on July 20. (*See* Exhibit 2.) I tested this price drop for statistical significance controlling for market-wide and industry-wide factors in the Modified Fama-French Three-Factor Model. In particular, the Modified Fama-French Three-Factor Model I employed to calculate the abnormal return on Sonoco's stock controls for the effect of macroeconomic factors on stock prices generally by incorporating the return on the S&P 500 Index as an explanatory variable. It also controls for all those factors that were affecting the containers and packaging products industry at that time by incorporating the *Industry Index* described in the event study methodology section of this declaration as a separate explanatory variable. Thus, I have controlled for factors

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[45] *Ibid.*

[46] JPMorgan Securities Inc., "Sonoco; 2Q Miss from Consumer; FY07 Guidance Intact – ALERT," July 20, 2007.

[47] *Ibid.*

external to Sonoco, and the abnormal return measures the impact of factors internal to the Company.

49. The stock's abnormal return on July 20 was -12.63%, which is statistically significant at the .01 level. (*See* Exhibit 2.) I reviewed Sonoco's and its management's disclosures, press articles, and securities analyst commentary concerning the Company during and subsequent to the Class Period in order to determine whether the decline in Sonoco's common stock price on July 20, 2007 is attributable to material information regarding the alleged fraud, including information concerning price concessions granted to flexible packaging customers and lost flexible packaging customers.

50. On July 23 (the next trading day following the July 20 earnings report), several other securities analyst reports offered their interpretations of Sonoco's second quarter results. Securities analysts at Lehman Brothers suggested that "nearly all of the weakness in operating profit margin versus our forecast was in the consumer packaging segment."[48] "EBIT declines by $3mm yoy due to lower volumes, price reductions in certain flexible packaging products (due to previously agreed-upon contractual price reductions for a major customer), an unfavorable sales mix" and "rising labor and other costs.[49] The July 23 securities analyst report from KeyBanc also noted the "internal execution issues in 2Q07," but concluded that they had little effect on Sonoco's common stock.[50] They reasoned that "these execution issues were both internal in nature (no competitive market dynamics) and fixable, in our opinion." Finally, also on July 23, securities

[48] Lehman Brothers, "Sonoco Products; Q2 Weak But Sell Off Unwarranted," July 23, 2007.

[49] *Ibid.*

[50] KeyBanc, "Sonoco Products Company: SON: Sell-Off Overdone; Confident Execution Back on Track; Upgrade to Buy," July 23, 2007.

analysts at Wachovia released their second report since the earnings announcement. In addressing the "2Q miss," the report states, "specifically, flexible packaging seems to have been blindsided by operational miscues (which are in the process of being corrected), and some previously agreed to price concessions."[51]

51. [redacted]

52. It is my opinion that the statistically significant -12.63% abnormal return on July 20, 2007 was substantially caused by and directly attributable to Sonoco's earnings-related announcement prior to the market opening, which partially revealed the effects of the price concessions and the lost customers in its flexible packaging business on its 2007 business and financial results and on its expected future results. The bases for my opinion are (a) the fact that the closing stock price on July 20, 2007 was 14.22% below the prior day's closing price (*see* Exhibit 2), (b) the fact that Sonoco's stock price remained substantially below the prior day's closing price throughout the trading day (*see* Exhibit 5), (c) the new information conveyed by the Company's July 20 press release and the subsequent securities analysts' interpretations of the information it

[51] Wachovia Capital Markets, LLC, "Sonoco Products Co.; SON: Limited Downside from Current Levels Operational Issues NT," July 23, 2007.

[52] Flexible Packaging Business Review 6-28-07, Sonoco, June 28, 2007. Bates numbers SON-E-00000036 through SON-E-00000062 especially SON-E-00000059.

[53] *Ibid.* Selling price reductions contributed a further $0.9 million in addition to what had already been budgeted previously.

released into the market tied the earnings shortfall directly to the underperformance of Sonoco's Consumer Packaging segment, and in particular, problems in its flexible packaging division, (d) the absence of any other significant news announcements related to Sonoco on this day that could explain the abnormal return, and (e) the fact that there is less than a 1% chance that the -12.63% abnormal return happened by mere chance.

53. Based on my review of management's disclosures, press articles, and securities analyst commentary, it is my opinion that it would be reasonable for a jury to conclude that up to 100% of the abnormal return on July 20, 2007 is attributable to disclosure of the information relating to the alleged fraud.

54. Notwithstanding Sonoco's explanation for the earnings shortfall in its flexible packaging division on July 20, 2007, market participants did not learn of the full effects of the alleged fraud on Sonoco's business and financial results until later because Sonoco also reaffirmed its full year earnings guidance for 2007 on July 20. Consequently, the Company's announcement prior to the market opening on July 20, 2007 was a partial corrective disclosure, and the -12.63% abnormal return represents the removal of only a portion of the artificial inflation in Sonoco's stock price.

3. Sonoco's September 18, 2007 Disclosure

55. Before the opening of trading on the NYSE on September 18, 2007, Sonoco lowered its earnings guidance for both the third quarter and the full year 2007 in a press release, "Sonoco Lowers Base Earnings Guidance for Third Quarter and Full Year 2007."[54] Sonoco's revised base earnings guidance of $.55 to $.58 was $.07 lower than the

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[54] Bloomberg L.P., "Sonoco Lowers Base Earnings Guidance for Third Quarter and Full Year 2007," September 18, 2007.

guidance Sonoco had provided on July 20, 2007.[55] DeLoach explained, "Preliminary results through August 2007 reflect a greater than expected decline in volumes across most of our served markets as a result of weaker market conditions."[56] While Sonoco's announcement did not mention the price concessions previously granted to flexible packaging customers among the factors responsible for the reduced earnings guidance, that explanation came about one month later on October 19.

56. Securities analysts at JPMorgan released a report during the day on September 18, 2007, which stated, "Management noted that volumes across most of its end markets have trended below expectations, as it appears that macro weakness is having a negative impact on both industrial (tubes and cores) and consumer discretionary (flexibles) markets."[57] Also on September 18, securities analysts at Wachovia issued a report citing "weak volumes and higher than expected costs" as being the basis for Sonoco's new, lower guidance. As with the JP Morgan securities analysts, the Wachovia analysts repeated the explanation given by Sonoco management.[58]

57. Sonoco's stock price declined 7.29% from $33.20 at the close on September 17, 2007 to $30.78 at the close on September 18 in response to the reduced earnings guidance. (*See* Exhibit 2.) I tested the stock price drop for statistical significance controlling for market-wide and industry-wide factors in the Modified Fama-French Three Factor Model. As noted, the Modified Fama-French Three-Factor Model I employed to

[55] *Ibid*.

[56] *Ibid*.

[57] JPMorgan Securities Inc., "Sonoco; Lowers Guidance on Weak Demand and High OCC Costs; Reducing Estimates," September 18, 2007.

[58] Wachovia Capital Markets, LLC, "Sonoco Products Co.; SON: Cuts Outlook - Weak Economy - Buy at $30," September 18, 2007.

calculate the abnormal return on Sonoco's stock controls for the effect of macroeconomic factors on stock prices generally by incorporating the return on the S&P 500 Index as an explanatory variable and also controls for all those factors that were affecting the containers and packaging products industry at that time by incorporating the *Industry Index* as a separate explanatory variable.

58. Early on October 19, 2007, Sonoco reported third quarter earnings, beating the high end of the revised guidance with the benefit of a lower than expected effective tax rate.[59] According to DeLoach, "results from operations were in line with our revised projections and reflected slightly lower year-over-year volumes stemming from slowing activity in most of our served markets and higher raw material and other costs."[60] The slowing activity in the markets served by Sonoco and the higher raw material and other costs should affect all of Sonoco's competitors. The *Industry Index* variable included in my Modified Fama-French Three-Factor Model is designed to capture this impact, at least on average.

59. Sonoco's Consumer Packaging segment was again the weakest performer of the quarter, with base operating profit falling from $28 million in 2006 to $23.7 million for the third quarter of 2007.[61] The report noted "partially offsetting these negative items were productivity improvements and the impact of acquisitions."[62] With improvements on the operational issues that had affected second quarter performance, the Consumer

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[59] Business Wire, "Sonoco Reports Third Quarter 2007 Financial Results," October 19, 2007.

[60] *Ibid.*

[61] *Ibid.*

[62] *Ibid.*

Packaging segment suffered primarily from "price declines in flexible packaging, resulting from recent bids and competitive pressure."

60. During the third quarter earnings conference call later that day, DeLoach admitted that price concessions in flexible packaging were largely responsible for the poor results in the Consumer Packaging segment, stating "we had some bids in the latter part of last year and early this year where we actually lowered some pricing and that affected the financial performance."[63] The focus of the earnings announcement on lower sales volumes and price concessions within the Consumer Packaging segment during the third quarter suggests that the September 18 downward revision to Sonoco's guidance was motivated by these factors.

61. The stock's abnormal return on September 18 was -10.37%, which is statistically significant at the .01 level. (*See* Exhibit 2.) I reviewed Sonoco's and its management's disclosures, press articles, and securities analyst commentary concerning the Company during and subsequent to the Class Period, including around October 19, 2007, to determine whether the decline in Sonoco's common stock price on September 18, 2007 is attributable to the reduced earnings guidance, and in particular, economically significant information regarding the alleged fraud, including information concerning the price concessions previously granted to flexible packaging customers.

62. It is my opinion that all of the statistically significant -10.37% abnormal return on September 18, 2007 was substantially caused by Sonoco's revised earnings guidance announcement prior to the market opening, which finally revealed the full extent of the effects of the flexible packaging price concessions and flexible packaging's lost customers on its full year 2007 business and financial results. The fuller explanation

[63]Thomson Street Events, "SON – Q3 2007 Sonoco Products Earnings Conference Call," October 19, 2007.

was revealed on October 19, 2007. The bases for my opinion are (a) the fact that the closing stock price on September 18, 2007 was -7.29% below the prior day's closing price (*see* Exhibit 2), (b) the fact that the price remained substantially below the prior day's close throughout the trading day (*see* Exhibit 6), (c) the new information conveyed by the Company's September 18 press release, the subsequent securities analysts' interpretations of the information it released into the market, and the Company's admissions on October 19, 2007 tied the earnings shortfall primarily to the underperformance of the Consumer Packaging segment, and in particular, problems in the flexible packaging division, (d) the absence of any other significant news announcements related to Sonoco on this day, once DeLoach's admissions on October 19, 2007 are taken into account, that could explain the abnormal return on September 18, and (e) the fact that there is less than a 1% chance that the -10.37% abnormal return happened by mere chance.

63. Based on my review of management's disclosures, press articles, and securities analyst commentary, it is my opinion that it would be reasonable for a jury to conclude that up to 100% of the abnormal return on September 18, 2007 is attributable to the disclosure of information relating to the alleged fraud. In addition, as noted earlier in this declaration, market participants had previously been partly informed of the effect of the alleged fraud on Sonoco's business and financial results on July 20, 2007. The Company's announcement prior to the market opening on September 18, 2007, as amplified by the fuller explanation Sonoco management provided on October 19, was the final corrective disclosure because it corrected the Company's improper July 20, 2007 earnings guidance. Consequently, the -10.37% abnormal return represents the

removal of the remaining artificial inflation in Sonoco's stock price associated with the alleged fraud.

V. Market Efficiency Tests

64. An efficient market is one in which "security prices fully reflect all available information."[64] Stock price movements take place only after someone, on the basis of new information, is able to better assess the value of the asset.[65] There are three versions of the Efficient Market Hypothesis ("EMH").[66] The focus of my declaration is on the semi-strong form of the EMH, which is the most widely accepted characterization of what is meant by an "efficient market" in the securities industry and in academia. If a security's price reflects all public information, an investor can rely on it as the market's consensus of the security's fair value.

65. Financial economists customarily perform four sets of tests of market efficiency. I performed these tests. However, because the Defendants in this matter have not challenged the efficiency of the market for Sonoco's common stock during the relevant period, I summarize the results of the tests but do not provide detailed descriptions of the tests. I summarize the market efficiency test results in Exhibit 1.

66. First, I apply what are known as the Cammer factors and the Elmer Krogman factors, which courts have applied when assessing whether the market for a company's common stock was efficient during a specified period. In applying the Cammer factors, I use the

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[64] Elton, Edwin J., Martin J. Gruber, Stephen J. Brown, and William N. Goetzmann, Modern Portfolio Theory and Investment Analysis, 6th ed., 2003, page 402.

[65] Emery, Douglas R., John D. Finnerty, and John D. Stowe, Corporate Financial Management, 3rd ed., Prentice Hall, 2007, page 422.

[66] Fama, Eugene, "Efficient Capital Markets: A Review of Theory and Empirical Work," *Journal of Finance*, 25, March 1970, pages 383-417.

well-accepted event study methodology to test the stock market's reaction to new information. An efficient market is one in which a company's stock price fully reacts quickly to new information. Third, I examine the pricing of put and call options and analyze whether put-call parity held throughout the Class Period. Put-call parity should hold, at least to a close approximation, if the market for Sonoco's common stock and the market for its put and call options are efficient. Fourth, I test whether the price of Sonoco's common stock followed a random walk during the Class Period. The random walk model suggests that in an efficient market, stock price movements are independent and the returns on the stock are identically distributed over time.[67] The results from applying these four sets of tests collectively facilitate a thorough assessment of whether the market for Sonoco's common stock was efficient during the Class Period.

A. Cammer and Krogman Factors

67. The Cammer Court described five factors that should be considered in determining whether a market for a specific security is efficient:[68]

- the stock's average trading volume;
- the number of securities analysts who follow and report on the stock;
- the presence of market makers and arbitrageurs;
- the company's eligibility to file a Form S-3 Registration Statement; and
- a cause-and-effect relationship, over time, between unexpected corporate events or financial news releases and an immediate response in stock price.[69]

[67] Elton, Edwin J., Martin J. Gruber, Stephen J. Brown, and William N. Goetzmann, Modern Portfolio Theory and Investment Analysis, 6th ed., 2003, page 405.

[68] Cammer v. Bloom, 711 F. Supp. 1264 (D.N.J. 1989).

68. I examined each of these factors for the market for Sonoco's common stock during the Class Period. First, high trading volume is indicative of an efficient market.[70] Sonoco's common stock traded on the NYSE, which is the world's largest and most liquid stock exchange, throughout the Class Period. The average weekly reported trading volume for Sonoco's common stock was 2,611,954 shares. Sonoco's weekly trading volume averaged 2.61% of shares outstanding, which provides a strong presumption of a highly liquid and efficient market. The annualized turnover ratio is the annual reported trading volume divided by the number of shares outstanding. A total of 86,015,229 shares were traded during the Class Period and the average number of shares outstanding was 100,035,303 shares. Given that the Class Period was 0.61 years, this represents an annualized turnover ratio of 140.11%. In comparison, the annualized turnover rate for NYSE-listed common stocks in 2007 was 122.58%.[71] The high turnover rate for Sonoco's common stock, even in comparison to highly liquid NYSE-listed common stocks, justifies a substantial presumption that the market for Sonoco's common stock was efficient during the Class Period.

69. Second, securities analysts play a critical role in promoting the efficiency of the securities markets. During 2007, six firms had analysts that covered the Company.[72]

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[69] *Ibid*, at 1286-1287. It is my opinion that the Cammer factors are consistent with the economics literature and that they provide valuable insight into whether the market for a security is efficient. *See* Barber, Brad M., Paul A. Griffin, and Baruch Lev, "The Fraud-on-the-Market Theory and the Indicators of Common Stocks' Efficiency," *Journal of Corporation Law*, 19, Winter 1994, pages 285-312.

[70] According to Bromberg, "Turnover measured by average weekly trading of 2% or more of the outstanding shares would justify a strong presumption that the market for the security is an efficient one; 1% would justify a substantial presumption." Cammer at 1286, citing Bromberg, et al.

[71] NYSEData.com Factbook – Group Turnover, 2007.

[72] Nelson's Directory of Investment Research -- Volume II, 32nd ed., Thomson Financial / Nelson, 195 Broadway, New York, 2007.

Banc of America Securities, Credit Suisse Securities, KeyBanc Capital Markets, Morgan Stanley, Standard & Poor's and Wachovia Securities all followed Sonoco.[73] The large number of stock analysts at leading broker-dealers who covered Sonoco during the Class Period is evidence that the market for Sonoco's common stock was efficient.

70. Third, during the Class Period, between 61% and 68% of the shares outstanding were held by institutional investors, as disclosed in Schedule 13-F filings.[74] High levels of institutional ownership and the active trading by these holders is further evidence that the market for Sonoco's common stock was efficient during the Class Period. In addition, Bloomberg reports a total of 189 market makers for Sonoco's common stock between February 2007 and September 2007. The high number of market makers facilitating trades is indicative of a liquid and efficient market.[75]

71. Fourth, Form S-3 is a simplified form that allows incorporation by reference of Securities Exchange Act of 1934 (the "Exchange Act") reports.[76] Sonoco was eligible to file on Form S-3 throughout the Class Period, and it filed on Form S-3 as early as September 25, 1996.

72. Fifth, I performed "event studies" to test the responsiveness of Sonoco's common stock price to the Company's announcements during the Class Period. The event study tests,

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[73] *Ibid.*

[74] Capital IQ and 10-K Wizard.

[75] Bloomberg Market Maker Activity (MKAC) displays the total and overall percentage of trading volume by each market maker in the NASDAQ Market Center and Contributing ECNs for a selected NASDAQ, NYSE, or Amex security over a given period.

[76] http://www.sec.gov/about/forms/forms-3.pdf. As stated in the SEC release establishing the requirements for S-3 eligibility, "This form is predicated on the Commission's belief that the market operates efficiently for these companies, i.e., that the disclosure in Exchange Act reports and other communications by the registrant, such as press releases, has already been disseminated and accounted for by the market place." Cammer, at 1284-1285 citing SEC Securities Act Release No. 6331, 46 Red. Reg. 41,902, reprinted in Fed.Sec.L.Rep. (CCH) Spec. Regs. No. 926, extra ed. (Aug. 13, 1981).

which are described in the next section, found that Sonoco's common stock price reacted quickly to new information in the manner economic theory would predict would occur in an efficient market.

73. I also considered three additional factors cited in Elmer Krogman v. R. Dale Sterritt, Jr.[77] to examine the market efficiency for a security:[78]

- the company's market capitalization;
- the stock's bid-ask spread; and
- the stock's float.

74. First, during the Class Period, the market capitalization of Sonoco's common stock ranged from \$3.1 billion to \$4.5 billion. The median market capitalization for all stocks traded on the NYSE during this period ranged from \$2.05 billion to \$2.18 billion.[79] Sonoco's common stock was in the 62nd percentile, on average, during the Class Period.

75. Second, the average bid-ask spread for Sonoco's common stock, according to Center for Research in Security Prices ("CRSP") data, was \$0.06 during the Class Period, which represented an average of 0.15% of the share price for Sonoco common stock. For the calendar year 2007, the average bid-ask spread for all ordinary common shares traded on the NYSE was 2.75%, and the median was 2.17%.[80] The fact that Sonoco's common stock had such a narrow bid-ask spread is indicative of a liquid and efficient market for the stock.

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[77] 202 F.R.D. 467 (N.D. Tex. 2001).

[78] There is a fourth Krogman factor, the number of market makers in the stock, which is also one of the Cammer factors.

[79] Bloomberg L.P.

[80] Based on data from CRSP.

76. Third, during the Class Period, the public float, the number of shares outstanding less the number of shares held by insiders, of Sonoco's common stock ranged from 97 million shares to 99 million shares. The percentage of outstanding shares held by insiders ranged from 1.83% to 2.71%, implying that the vast majority of Sonoco's common stock was held by institutional and retail investors during the Class Period. Additionally, the market value of the public float for Sonoco's common stock ranged from \$2.9 billion to \$4.2 billion during the Class Period. The size of the public float for Sonoco's common stock is consistent with a liquid and efficient market for Sonoco's common stock during the Class Period.

B. Event Study Tests

77. This section describes the "event study" tests I performed to investigate the responsiveness of Sonoco's common stock price to the Company's announcements during the Class Period. In particular, I investigated the responsiveness of Sonoco's common stock price to the information about Sonoco released into the market before the opening of trading on July 20, 2007 and September 18, 2007, which are two critical dates that are issue in this matter. Exhibit 2 summarizes the event studies for every day in the Class Period.

78. As I described earlier in this declaration, I performed the event study by calculating the expected return of Sonoco's common stock by applying the widely accepted Fama-French Three-Factor Model, which I modified to include an industry factor:[81]

$$R_i - R_f = \alpha + \beta(R_m - R_f) + s\ SMB + h\ HML + i\ \ Industry\ \ Index + e \qquad \text{(Equation 2)}$$

[81] Fama, Eugene F. and Kenneth R. French, "Common Risk Factors in the Returns on Stocks and Bonds," *Journal of Financial Economics*, 33 (1993), pages 3-56.

79. Applying the Modified Fama-French Three-Factor Model, I analyzed Sonoco's common stock returns during the Class Period. I will now describe the stock market's reaction to several news announcements concerning Sonoco.[82]

80. Before the market opened on April 2, 2007, Sonoco was upgraded from 'neutral' to 'buy' by analyst George L. Staphos at Banc of America.[83] Investors normally consider such upgrades economically significant news. I would therefore expect the market to react favorably to the upgrade announcement.

81. I have reviewed the media databases on Bloomberg, Investext, and other news sources for Sonoco-related articles published on April 2, 2007 (including articles published after the opening of the market on April 2, 2007). Based on my review, at least 50% of the articles regarding Sonoco on April 2, 2007 discussed or announced the rating upgrade at Sonoco. No other news item regarding Sonoco received any significant news coverage that day.

82. On April 2, 2007, Sonoco's common stock price rose 4.87%. I applied the Modified Fama-French Three-Factor Model including the percentage change in the S&P 500 Containers & Packaging Paper Industry Index as an explanatory variable. On April 2, 2007, the abnormal return resulting from the ratings upgrade was 4.13%, which is significant at the 1% level. Such a significance level means that there is less than a 1 in 100 chance that the abnormal return happened by mere chance.

[82] After reviewing my discussion of Cammer Factor 5 in my Declaration in Support of Lead Plaintiff's Motion for Class Certification and the deposition conducted relating to that report, I have corrected misstatements regarding Base versus GAAP earnings. These changes have no effect on my conclusions regarding the efficiency of the market for Sonoco common stock during the Class Period.

[83] Bloomberg L.P., "Sonoco Products Raised to 'Buy' at Banc of America," April 2, 2007.

83. On April 20, 2007, Sonoco reported first quarter 2007 earnings, and issued a press release entitled "Sonoco Reports First Quarter 2007 Financial Results."[84] Sonoco hosted a conference call with analysts and investors regarding the first quarter 2007 results that day. Sonoco announced that its GAAP earnings per diluted share for the first quarter of 2007 rose 18% over its earnings per diluted share for the first quarter of 2006.[85] Sonoco's net income for the first quarter of 2007 increased by 18% as compared to net income for the first quarter of 2006.[86] Sonoco also raised its earnings projection for the full year 2007, which investors would consider economically significant positive news. I would therefore expect the market to react favorably to the information in the press release.

84. Based on my review of media databases on Bloomberg, Investext, and other news sources for Sonoco-related articles published on April 20, 2007, at least 90% of the articles regarding Sonoco on April 20, 2007 concerned Sonoco's first quarter 2007 results and Sonoco's related conference call. No other news item regarding Sonoco received any significant news coverage.

85. On April 20, 2007, Sonoco's common stock price rose 8.33%. I applied the Modified Fama-French Three-Factor Model including the percentage change in the S&P 500 Containers & Packaging Paper Industry Index as an explanatory variable. On April 20, 2007, the abnormal return resulting from the positive earnings report was 7.33%, which

[84] Bloomberg L.P., "Sonoco Reports First Quarter 2007 Financial Results," April 20, 2007.

[85] *Ibid.*

[86] *Ibid.*

is significant at the 1% level. Such a significance level means that there is less than a 1 in 100 chance that the abnormal return happened by mere chance.

86. Prior to the market opening, at 8:00 am on July 20, 2007, Sonoco reported its second quarter 2007 earnings by issuing a press release entitled "Sonoco Reports Second Quarter 2007 Financial Results."[87] In its press release, Sonoco reported that GAAP earnings per diluted share in the second quarter 2007 decreased by 16% from the GAAP earnings per diluted share that Sonoco had reported in the second quarter 2006.[88] Additionally, Sonoco also reported that net income for the second quarter 2007 decreased 14% as compared to net income in the second quarter of 2006.[89] However, base earnings, which are a non-GAAP financial measure that excludes restructuring charges and other non-recurring or infrequent expenses, were up 10% over the previous year's second quarter, from $0.51 in 2006 to $0.56 per share in 2007. Sonoco had estimated in its April 20, 2007 press release that its second quarter base earnings would be in the range of $.55 to $.58 per diluted share.[90] While the July 20, 2007 press release reiterated Sonoco's unchanged full-year guidance of $2.36 to $2.40 diluted base earnings per share, Sonoco discussed the Consumer Packing segment and reported that one of the factors that had offset increased sales in the segment was "price reductions in certain flexible packaging without offsetting reductions in costs."[91]

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[87] Bloomberg L.P., "Sonoco Reports Second Quarter 2007 Financial Results," July 20, 2007.

[88] *Ibid.*

[89] *Ibid.*

[90] Bloomberg L.P., "Sonoco Reports First Quarter 2007 Financial Results," April 20, 2007.

[91] Bloomberg L.P., "Sonoco Reports Second Quarter 2007 Financial Results," July 20, 2007.

87. At 12:18pm on July 20, Sonoco hosted a conference call with analysts and investors regarding the second quarter 2007 results.[92] On the call, a securities analyst from Wachovia asked DeLoach about the price reductions in the Consumer Packaging segment.[93] DeLoach responded by disclosing for the first time that in the third or fourth quarter of 2006, Sonoco gave price reductions on a contract with one of Sonoco's major customers. However, he stated that the price reductions were already accounted for in Sonoco's current earnings guidance.[94] On balance, the news Sonoco disclosed on July 20 was economically significant negative news. I would therefore expect the market to react negatively to this news.

88. I have reviewed the media databases on Bloomberg, Investext, and other news sources for Sonoco-related articles published on July 20, 2007. Based on my review, at least 86% of the articles regarding Sonoco on July 20, 2007 concerned Sonoco's second quarter 2007 results and Sonoco's related conference call. No other news item regarding Sonoco received any significant news coverage.

89. On July 20, 2007, Sonoco's common stock price fell 14.22%. I applied the Modified Fama-French Three-Factor Model including the percentage change in the S&P 500 Containers & Packaging Paper Industry Index as an explanatory variable. On July 20, 2007, the abnormal return resulting from Sonoco's announcement was -12.63%, which is significant at the 1% level. Such a significance level means that there is less than a 1 in 100 chance that the abnormal return happened by mere chance.

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[92] Bloomberg L.P., "Sonoco Products Co. Earnings Teleconference (Transcript) SON US," July 20, 2007.

[93] *Ibid.*

[94] *Ibid.*

90. Before the market opened on September 18, 2007, Sonoco lowered its earnings guidance in a press release, "Sonoco Lowers Base Earnings Guidance for Third Quarter and Full Year 2007."[95] Sonoco's revised base earnings guidance of $.55 to $.58 was $.07 lower than the guidance Sonoco had previously provided on July 20, 2007.[96] The downward revision in guidance was economically significant negative news. I would therefore expect the market to react negatively to this news.

91. The revised earnings guidance surprised Wall Street, and Sonoco's common stock price subsequently fell 7.29%. Based on my review of Sonoco-related articles published on September 18, 2007, at least 65% of the articles referenced Sonoco's revised earnings guidance. I applied the Modified Fama-French Three-Factor Model including the percentage change in the S&P 500 Containers & Packaging Paper Industry Index as an explanatory variable to test the significance of the stock market reaction.

92. On September 18, 2007, the abnormal return resulting from the new information released regarding Sonoco was -10.37%. The abnormal return on September 18, 2007 is significant at the 1% level. Such a significance level means that there is less than a 1 in 100 chance that the abnormal return happened by mere chance.

93. I thus find that the market for Sonoco's common stock reacted quickly and in the manner expected of an efficient market to the release of significant new information during the Class Period.

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[95] Bloomberg L.P., "Sonoco Lowers Base Earnings Guidance for Third Quarter and Full Year 2007," September 18, 2007.

[96] *Ibid.*

C. Put-Call Parity Test

94. Put-call parity is a relationship that exists in an efficient market between the prices of a company's put and call options and the price of its common stock. In an efficient market, a relationship called *put-call parity* should hold.[97] If put-call parity holds, the price of the put option ("P") will equal the price of the call option ("C") minus the price of the underlying stock ("S_0") plus the present value of the exercise price ("PV(X)") plus the present value of the dividends expected to be paid during the remaining duration of the option ("PV(dividends)"), or in equation form:

$$P = C - S_o + PV(X) + PV(dividends). \qquad \text{(Equation 3)}$$

95. Using option pricing data obtained from the OptionMetrics database and common stock pricing data obtained from Bloomberg, L.P., I was able to examine whether put-call parity held for Sonoco's common stock and options during the Class Period.[98] I matched calls and puts based on their exercise prices and expiration dates and calculated the put-call parity violation for each of these pairs using the following equation:

$$Put - Call\ ParityViolation = \frac{[S_o - C + P - PV(X) - PV(dividends)]}{S_o} \qquad \text{(Equation 4)}$$

96. I found that the average put-call parity violation for the Class Period was only -0.071%, which is lower than that found in published academic research. The authors of "Failure is an Option: Impediments to Short Selling and Option Prices" found that the

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[97] Ofek, Eli, Matthew P. Richardson, and Robert F. Whitelaw, "Limited Arbitrage and Short Sales Restrictions: Evidence from the Options Markets," *Journal of Financial Economics*, 74, 2004, pages 305-342, and Evans, Richard B., Christopher C. Gezvy, David K. Musto, and Adam V. Reed, "Failure is an Option: Impediments to Short Selling and Option Prices," *Review of Financial Studies*, 22 (5), 2009, pages 1955-1980.

[98] Market makers change their bid and ask quotes each time the underlying stock price changes. Consequently, there are bid and ask quotes regardless of the number of contracts traded each day. Bid and ask quotes come from the NBBO (National Best Bid and Offer) data.

average put-call parity violation for 4.5 million pairs traded during 1998 and 1999 was 0.36%.[99] The fact that the Put-Call Parity relationship held closely during the Class Period suggests that Sonoco's common stock price fairly reflected its intrinsic value, as would be expected in an efficient market.[100] This is further evidence that the market for Sonoco's common stock was efficient during the Class Period.[101]

D. Random Walk Tests

97. Common stock returns should follow a random walk if the market for the stock is efficient.[102] There are both parametric and non-parametric statistical tests available to determine whether stock returns behave in a manner consistent with a random walk. Parametric tests examine whether there is any serial correlation evident in stock price movements.[103] Parametric tests make certain assumptions about the stock returns that are inconsistent with actual stock returns. For example, the conventional regression test makes the assumption that stock returns are normally distributed, which allows for outcomes between negative and positive infinity.[104] However, stock returns are bounded

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[99] Evans, Richard B., Christopher C. Gezvy, David K. Musto, and Adam V. Reed, "Failure is an Option: Impediments to Short Selling and Option Prices," *Review of Financial Studies*, 22 (5), 2009, pages 1955-1980.

[100] Ofek, Eli, Matthew P. Richardson, and Robert F. Whitelaw, "Limited Arbitrage and Short Sales Restrictions: Evidence from the Options Markets," *Journal of Financial Economics*, 74, 2004, pages 305-342, and Evans, Richard B., Christopher C. Gezvy, David K. Musto, and Adam V. Reed, "Failure is an Option: Impediments to Short Selling and Option Prices," *Review of Financial Studies*, 22 (5), 2009, pages 1955-1980.

[101] I also investigated any other evidence that might indicate whether short-sale constraints might have impeded an efficient market for Sonoco's common stock during the Class Period but found no evidence that short-sale constraints were present in the market for Sonoco's common stock during the Class Period. Battalio, Robert, and Paul Schultz, "Options and the Bubble," *Journal of Finance*, 2006, pages 2071-2102.

[102] Fama, Eugene, "The Behavior of Stock Prices," *Journal of Business*, 38, 1965, pages 34-105.

[103] Fama, Eugene F. and Kenneth R. French, "Permanent and Temporary Components of Stock Prices," *Journal of Political Economy*, 96, 1988, pages 246-273.

[104] There is an extensive academic literature that furnishes evidence that stock returns are not normally distributed. One of the most often cited papers in this literature is Fama, Eugene, "The Behavior of Stock Prices," *Journal of Business*, 38, 1965, pages 34-105.

below by returns of -100%, since stock prices cannot fall below zero. However, in an abundance of caution, I have performed both parametric tests and non-parametric tests to examine whether the random walk hypothesis could be rejected for Sonoco's common stock during the Class Period.

98. I ran two non-parametric statistical sign tests to investigate whether the returns on Sonoco's common stock followed a random walk during the Class Period.[105] In an efficient market, the stock price follows a random walk and the returns on successive days are independent of one another. Consequently, the probability of an increase in price and the probability of a decrease in price should be equal and independent of past returns. I performed a McNemar test to determine whether there is an equal probability that a positive (negative) return today is followed by a negative (positive) return tomorrow and found that this hypothesis could not be rejected.[106] I also ran a Wilcoxon signed-rank test[107] to examine whether there is an equal probability that a positive (negative) return today is followed by a negative (positive) return tomorrow and found that the median difference between consecutive daily returns is not significantly different

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[105] Non-parametric tests are distribution-free and thus may be considered more appropriate when performing random walk tests to examine market efficiency. There is an extensive financial literature on the use of non-parametric sign tests to examine evidence of a random walk in stock returns. For a survey of this literature, see Dufour, Jean-Marie, Y. Lepage, and H. Zeidan, "Nonparametric Testing for Time Series: A Bibliography," *Canadian Journal of Statistics*, 10 (1), 1982, pages 1-38.

[106] Mittsdorffer, R., and J. Diederich, "Prediction of First Day Returns of Initial Public Offering in the US Stock Market Using Rule Extraction from Support Vector Machines," *Studies in Computational Intelligence* (SCI), 80, 2008, pages 185–203; Hunsader, Kenneth J., "Two Essays on the Strategic Aspects of Information Release," Doctoral Dissertation, Florida State University, Spring 2005; and Dufour, Jean-Marie, Y. Lepage, and H. Zeidan, "Nonparametric Testing for Time Series: A Bibliography," *Canadian Journal of Statistics*, 10 (1), 1982, pages 1–38.

[107] Luger, Richard, "Exact Nonparametric Tests for a Random Walk With Unknown Drift Under Conditional Heteroscedasticity," Research Department, Bank of Canada, pages 2–3; and Campbell, B., and Jean-Marie Dufour, "Exact Nonparametric Orthogonality and Random Walk Tests," *Review of Economics and Statistics*, 77, February 1995, pages 1–16. This test is different from the McNemar Test because it accounts for both the direction and magnitude of the return changes.

from zero, which is consistent with a random-walk series. The results of both tests are consistent with a random walk time series of stock prices and thus support market efficiency for Sonoco's common stock during the Class Period. Neither test produces results that are even remotely close to being statistically significant.

99. Parametric tests examine whether there is any serial correlation evident in day-to-day stock returns.[108] The time series of stock returns should not exhibit any serial correlation in an efficient market. I ran regression tests for serial correlation between Sonoco's common stock daily raw returns and prior day raw returns to examine whether there is any serial correlation evident in Sonoco's common stock returns during the Class Period. I found evidence of serial correlation in the regression test results that is weakly significant at the 10% level. I also ran the Portmanteau test (or Q-Test) to examine whether there is any serial correlation between Sonoco's common stock returns and its prior daily returns based on one-day to three-day lags. For the one-day lag, the test for serial correlation is weakly statistically significant, while beyond one day there is no evidence of significant serial correlation. Thus, the parametric tests provide weak evidence suggesting that Sonoco's stock returns might deviate from following a random walk during the Class Period.

100. On balance, the non-parametric and parametric test results indicate that the pattern of returns for Sonoco's common stock is consistent with a random walk. They are thus consistent with market efficiency.

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[108] Fama, Eugene F. and Kenneth R. French, "Permanent and Temporary Components of Stock Prices," *Journal of Political Economy*, 96, 1988, pages 246-273. Parametric tests make certain restrictive assumptions about the stock returns that are not strictly consistent with actual stock returns, although they are a reasonable approximation. Thus, I ran non-parametric tests as well.

101. Considering the results of all the market efficiency tests collectively, the tests furnish strong evidence that the market for Sonoco's common stock was efficient during the Class Period.

VI. Conclusions

102. It is my opinion that Sonoco's common stock traded in an open, developed, and efficient market throughout the Class Period.

103. It is my opinion that Sonoco's common stock price declines on July 20, 2007 and September 18, 2007 were highly statistically significant, and that both stock market reactions were substantially caused by identifiable news events that disclosed new information about previously undisclosed problems in Sonoco's flexible packaging division and the true financial impact of the price concessions that Sonoco had granted to at least one major flexible packaging customer and the loss of key flexible packaging accounts. My opinion is based on the statistical significance of the negative abnormal returns on each of these days according to my event studies and my analysis of other company news, securities analysts' reports, and intra-day stock price movements.

104. It is also my opinion that it would be reasonable for a jury to conclude that up to 100% of the abnormal return on each of July 20, 2007 and September 18, 2007 was caused by the revelation of the alleged fraud, and in particular the Company's failure to disclose price concessions to at least one major flexible packaging customer and the loss of customers in the flexible packaging business in a timely manner. My opinions regarding loss causation are based on the statistical significance of the negative abnormal returns on July 20, 2007 and September 18, 2007 according to my regression analyses, my analysis of other company news and intra-day stock price movements on

these dates, and my review of Sonoco's and its management's disclosures, press articles, and securities analyst commentary during and subsequent to the Class Period, all as described in the preceding paragraphs of this declaration.

105. My analysis is based on the materials I have reviewed to date. I reserve the right to amend my opinion and file a supplemental declaration in this matter should I obtain any other significant information that leads me to change any of the opinions expressed in this declaration. To the extent this matter is adjourned for any reason, I further reserve the right to supplement this declaration.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed: August 31, 2010

John D. Finnerty

John D. Finnerty, Ph.D.

Exhibit 1
Sonoco Products Company
Summary of Market Efficiency Tests
For the Period February 7, 2007 - September 18, 2007
Page 1 of 2

Panel A. Cammer Factors

	Sonoco Products Company	Standard (NYSE)
Average Weekly Trading Volume as % of Shares Outstanding		
	2.61% [1]	> 2% [2]
Annualized Turnover Ratio	140.11% [3]	122.58% [4]
Number of Analysts Covering Sonoco	6 [5]	
Institutional Ownership as Pecentage of Shares Outstanding		
12/31/2006	60.62%	
3/31/2007	68.47%	
6/30/2007	67.38%	
9/30/2007	65.42%	
Number of Market Makers	189	

Panel B. Krogman Factors

Market Capitalization, Public Float and Market Value

	Market Capitilization (Millions)	Public Float (Thousands of Shares)	Market Value of Public Float (Millions)	Median NYSE Market Capitilization (Millions)
12/29/2006	$ 3,786.99	97,075.91	$ 3,694.71	$ 2,049.67
3/30/2007	3,758.13	97,292.70	3,656.26	2,180.83
6/29/2007	4,320.38	99,068.58	4,241.13	2,180.83
9/28/2007	3,000.64	97,573.51	2,944.77	2,154.92

	Sonoco Products Company	NYSE End-of-Year Average 2007
Average Bid-Ask Spread	$ 0.06	
(Percentage of share price)	0.15%	2.75%

Panel C. Random Walk Tests - Non-ParametricTests

McNemar Test

+,+ (a) [6]	+,- (b) [7]	-,+ (c) [8]	-,- (d) [9]	X^2 [10]	p-value [11]
29	41	41	42	0.0122	0.9121

Wilcoxon Signed-Rank Test [12]

t-statistic[13]	p-value[14]
0.5761	0.5645

Notes:

[1] Statistics include those weeks that are fully contained in the Class Period.

[2] Turnover measured by average weekly trading of 2% or more of the outstanding shares would justify a strong presumption that the market for the security is an efficient one; 1% would justify a substantial presumption.

[3] Turnover during Period is calculated as Total Volume (in Class Period) divided by Average Shares Outstanding during Period divided by Time Period (in years).

[4] NYSE 2007 average turnover rate. Source: NYSEData.com Factbook - NYSE Group Turnover.

[5] Banc of America Securities, Credit Suisse Securities, KeyBanc Capital Markets, Morgan Stanley, Standard & Poor's and Wachovia Securities.

[6] Total number of observations for which a positive stock return is followed by a positive stock return the following day.

[7] Total number of observations for which a positive stock return is followed by a negative stock return the following day.

[8] Total number of observations for which a negative stock return is followed by a positive stock return the following day.

[9] Total number of observations for which a negative stock return is followed by a negative stock return the following day.

[10] $$McNemar\ Statistic\ (X^2) = \frac{(|b-c|-1)^2}{b+c}$$

X^2 is a chi-square statistic with 1 degree of freedom. The formula is rewritten to correct for discontinuity.

[11] Based on a two-tailed test.

[12] Wilcoxon signed-rank test on differences between consecutive stock returns during the Extended Period.

[13] The Wilcoxon t-statistic correcting for both continuity and ties.

[14] The p-value for the asymptotic normal approximation to the Wilcoxon t-statistic.

Sources: Bloomberg L.P. and 10-K Wizard.

Exhibit 1
Sonoco Products Company
Summary of Market Efficiency Tests
For the Period February 7, 2007 - September 18, 2007
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Panel D. Random Walk Tests - ParametricTests [1]

Serial Correlation Tests

Using Raw Returns

Period	Number of Days	R-Square	Beta	t-statistic	p-value
2/7/07 - 9/18/07	155	0.0206	-0.1491	-1.7925	0.0750

Using Excess Returns [2]

Period	Number of Days	R-Square	Beta	t-statistic	p-value
2/7/07 - 9/18/07	155	0.0229	-0.1692	-1.8873	0.0610

Portmanteau Q-Tests [3]

Using Raw Returns

Period	Number of Days	Length of Lags (Days)	Q-statistic	p-value
2/7/07 - 9/18/07	155	1	2.9736	0.0846
		2	3.8237	0.1478
		3	4.4926	0.2130

Using Excess Returns [2]

Period	Number of Days	Length of Lags (Days)	Q-statistic	p-value
2/7/07 - 9/18/07	155	1	2.8708	0.0902
		2	3.0258	0.2203
		3	3.0259	0.3876

Panel E. Put-Call Parity Test

Put-Call Parity Violation Test [4] [5]

	Average Put-Call Parity Violation [6]	Average Absolute Put-Call Parity Violation [6]	Average Put-Call Parity Violation (Near the Money) [6]	Average Absolute Put-Call Parity Violation (Near the Money) [6][7]	Standard
	-0.07%	0.39%	-0.02%	0.31%	0.36%
Number of Observations	632	632	55	55	
Number of Contracts	2,127	2,127	440	440	

"Limited Arbitrage and Short Sales Restrictions" Approach [8] [9]

	Average Put-Call Parity Violation ("R") [6]	Average Absolute Put-Call Parity Violation ("R") [6]	Average Put-Call Parity Violation ("R") (Near the Money) [6]	Average Absolute Put-Call Parity Violation ("R") (Near the Money) [6][7]	Standard
	-0.070	0.390	-0.017	0.308	0.30
Number of Observations	632	632	55	55	
Number of Contracts	2,127	2,127	440	440	

Notes:

[1] The Sonoco returns regressed against the SON's prior day return.

[2] The autocorrelations of Sonoco returns based on a 1 day, 2 day, 3 day, 4 day, and 5 day lag.

[3] Excess or abnormal returns from Modified Fama-French Three-Factor Model.

[4] Put-Call Parity Violation = {Stock Price - [Present Value of the Strike Price + Present Value of the Dividend + Call Price - Put Price]} / Stock price.

[5] Evans, Richard B., Christopher C. Gezvy, David K. Musto, and Adam V. Reed, "Failure is an Option: Impediments to Short Selling and Option Prices," 22 (5) *Review of Financial Studies* , 2009, pages 1955-1980.

[6] Calls and Puts are matched based on strike price and expiration date. Options with less than 6 calendar days to maturity or greater than 180 calendar days to maturity and options with a price less than $0.375 are deleted. Call Price and Put Price are equal to the average of the best bid and best ask quotes.

[7] Sample is restricted to those pairs for which -0.1< ln(Stock Price/Strike Price) < 0.1.

[8] Put-Call Parity Violation ("R") = 100 * ln {Stock Price / [Present Value of the Strike Price + Present Value of the Dividend + Call Price - Put Price]}.

[9] Eli Ofek, Matthew P. Richardson, and Robert F. Whitelaw, "Limited Arbitrage and Short Sales Restrictions: Evidence from the Options Markets, 74 *Journal of Financial Economics* , 2004, pages 305-342.

Source: Bloomberg L.P.

Exhibit 2
Sonoco Products Co.
Regression Results for the Modified Fama-French Model Including the S&P500 Industry Index as an Explanatory Variable
Page 1 of 3

Calculation of the Abnormal Return

	Regression Input						Modified FFM: Custom Index Added				
Date	SON Price	Actual Return	Mkt-RF	SMB	HML	Industry Index	Predicted Return	Abnormal Return	t-statistic	p-value	Sig[1]
2/7/2007	38.11	-1.27%	0.20%	0.40%	-0.06%	-0.17%	0.07%	-1.34%	-1.2545	0.2109	
2/8/2007	37.90	-0.55%	-0.07%	0.22%	-0.14%	-0.34%	-0.15%	-0.40%	-0.3742	0.7086	
2/9/2007	38.02	0.32%	-0.71%	-0.30%	0.18%	-0.27%	-0.42%	0.74%	0.6909	0.4903	
2/12/2007	37.77	-0.66%	-0.41%	0.22%	0.13%	-0.33%	-0.27%	-0.38%	-0.3587	0.7201	
2/13/2007	38.14	0.98%	0.78%	-0.18%	0.37%	2.03%	1.32%	-0.34%	-0.3163	0.7521	
2/14/2007	37.95	-0.50%	0.71%	-0.50%	-0.16%	0.68%	0.59%	-1.09%	-1.0239	0.3069	
2/15/2007	37.85	-0.26%	0.15%	0.17%	-0.43%	0.11%	0.13%	-0.39%	-0.3681	0.7131	
2/16/2007	37.84	-0.03%	0.03%	0.26%	0.06%	0.76%	0.42%	-0.45%	-0.4204	0.6745	
2/20/2007	37.81	-0.08%	0.34%	0.61%	-0.21%	1.34%	0.84%	-0.92%	-0.8619	0.3896	
2/21/2007	38.02	0.56%	-0.05%	0.28%	-0.10%	0.38%	0.20%	0.35%	0.3309	0.7410	
2/22/2007	37.75	-0.71%	-0.06%	0.35%	-0.09%	-0.41%	-0.16%	-0.55%	-0.5134	0.6081	
2/23/2007	37.80	0.13%	-0.28%	0.12%	-0.16%	0.07%	-0.06%	0.20%	0.1832	0.8548	
2/26/2007	37.84	0.11%	-0.15%	-0.16%	0.23%	2.96%	1.34%	-1.23%	-1.1533	0.2499	
2/27/2007	37.16	-1.80%	-3.43%	-0.05%	-0.06%	-3.34%	-3.02%	1.22%	1.1452	0.2533	
2/28/2007	37.02	-0.38%	0.45%	-0.50%	0.29%	0.34%	0.35%	-0.73%	-0.6851	0.4939	
3/1/2007	36.88	-0.38%	-0.30%	-0.09%	0.16%	-0.32%	-0.25%	-0.13%	-0.1194	0.9050	
3/2/2007	36.77	-0.30%	-1.27%	-0.56%	0.12%	-1.30%	-1.17%	0.87%	0.8167	0.4149	
3/5/2007	36.18	-1.60%	-1.22%	-0.64%	-0.19%	-1.24%	-1.15%	-0.45%	-0.4237	0.6722	
3/6/2007	36.54	1.00%	1.65%	0.59%	-0.03%	0.68%	1.11%	-0.11%	-0.1069	0.9150	
3/7/2007	36.66	0.33%	-0.15%	-0.08%	0.07%	-0.79%	-0.41%	0.74%	0.6909	0.4903	
3/8/2007	36.63	-0.08%	0.70%	-0.10%	0.08%	1.32%	0.94%	-1.02%	-0.9586	0.3387	
3/9/2007	36.49	-0.38%	0.14%	0.28%	0.15%	0.11%	0.17%	-0.56%	-0.5219	0.6022	
3/12/2007	37.60	3.04%	0.29%	0.22%	-0.06%	0.33%	0.32%	2.72%	2.5508	0.0114	**
3/13/2007	37.30	-0.80%	-2.03%	-0.21%	0.02%	-2.11%	-1.85%	1.05%	0.9875	0.3243	
3/14/2007	37.14	-0.43%	0.52%	0.09%	-0.06%	0.97%	0.71%	-1.14%	-1.0664	0.2873	
3/15/2007	37.56	1.13%	0.46%	0.46%	0.09%	0.32%	0.43%	0.71%	0.6613	0.5090	
3/16/2007	37.05	-1.36%	-0.38%	-0.10%	-0.19%	-0.30%	-0.30%	-1.06%	-0.9941	0.3212	
3/19/2007	37.59	1.46%	1.09%	-0.14%	0.02%	1.49%	1.18%	0.28%	0.2621	0.7934	
3/20/2007	38.01	1.12%	0.66%	0.00%	0.13%	0.43%	0.52%	0.59%	0.5573	0.5778	
3/21/2007	38.13	0.32%	1.66%	-0.14%	-0.15%	1.29%	1.32%	-1.01%	-0.9426	0.3468	
3/22/2007	37.98	-0.39%	-0.03%	0.12%	-0.19%	-0.21%	-0.09%	-0.31%	-0.2869	0.7744	
3/23/2007	38.15	0.45%	0.15%	0.04%	0.16%	0.43%	0.31%	0.14%	0.1337	0.8938	
3/26/2007	38.39	0.63%	0.04%	-0.07%	-0.07%	0.37%	0.21%	0.42%	0.3968	0.6918	
3/27/2007	38.07	-0.83%	-0.59%	-0.18%	0.06%	-0.89%	-0.65%	-0.18%	-0.1678	0.8669	
3/28/2007	37.60	-1.23%	-0.72%	0.22%	0.04%	-0.82%	-0.64%	-0.59%	-0.5564	0.5784	
3/29/2007	37.63	0.08%	0.33%	-0.18%	0.21%	0.90%	0.59%	-0.51%	-0.4755	0.6348	
3/30/2007	37.58	-0.13%	-0.06%	0.25%	-0.07%	-0.26%	-0.10%	-0.03%	-0.0290	0.9769	
4/2/2007	39.41	4.87%	0.28%	0.01%	0.09%	1.27%	0.74%	4.13%	3.8679	0.0001	***
4/3/2007	39.69	0.71%	0.87%	0.02%	-0.15%	1.13%	0.92%	-0.21%	-0.1942	0.8462	
4/4/2007	39.79	0.25%	0.13%	-0.18%	-0.22%	-0.07%	0.02%	0.23%	0.2171	0.8283	
4/5/2007	39.67	-0.30%	0.34%	-0.01%	-0.03%	-0.35%	0.01%	-0.31%	-0.2914	0.7710	
4/9/2007	39.99	0.81%	0.04%	-0.26%	0.22%	0.17%	0.11%	0.69%	0.6494	0.5167	
4/10/2007	39.84	-0.38%	0.25%	0.06%	0.07%	-0.36%	-0.02%	-0.35%	-0.3304	0.7414	
4/11/2007	39.46	-0.95%	-0.61%	-0.08%	0.08%	-0.20%	-0.33%	-0.62%	-0.5837	0.5600	
4/12/2007	39.30	-0.41%	0.62%	0.17%	-0.09%	0.91%	0.73%	-1.13%	-1.0625	0.2890	
4/13/2007	39.44	0.36%	0.35%	0.22%	-0.11%	0.31%	0.33%	0.02%	0.0209	0.9834	
4/16/2007	40.19	1.90%	1.03%	0.26%	-0.04%	1.71%	1.29%	0.61%	0.5754	0.5655	
4/17/2007	40.14	-0.12%	0.08%	-0.39%	-0.11%	-0.28%	-0.11%	-0.01%	-0.0125	0.9901	
4/18/2007	39.61	-1.32%	0.01%	-0.63%	0.33%	-0.74%	-0.35%	-0.97%	-0.9103	0.3635	
4/19/2007	39.73	0.30%	-0.30%	-0.34%	-0.06%	0.18%	-0.05%	0.36%	0.3355	0.7375	
4/20/2007	43.04	8.33%	0.91%	0.13%	0.07%	1.22%	1.01%	7.33%	6.8681	0.0000	***
4/23/2007	42.09	-2.21%	-0.20%	0.06%	-0.16%	-0.72%	-0.40%	-1.81%	-1.6936	0.0916	*
4/24/2007	42.12	0.07%	-0.10%	-0.05%	-0.26%	-1.47%	-0.72%	0.79%	0.7426	0.4584	
4/25/2007	42.57	1.07%	0.93%	-0.33%	0.23%	2.00%	1.35%	-0.28%	-0.2595	0.7955	
4/26/2007	42.56	-0.02%	-0.08%	0.29%	-0.34%	0.17%	0.07%	-0.10%	-0.0907	0.9278	
4/27/2007	42.29	-0.63%	-0.10%	-0.27%	-0.38%	-0.49%	-0.30%	-0.34%	-0.3166	0.7518	
4/30/2007	42.64	0.83%	-0.95%	-0.80%	-0.03%	-1.24%	-1.04%	1.87%	1.7486	0.0816	*

Exhibit 2
Sonoco Products Co.
Regression Results for the Modified Fama-French Model Including the S&P500 Industry Index as an Explanatory Variable
Page 2 of 3

Calculation of the Abnormal Return

	Regression Input						Modified FFM: Custom Index Added				
Date	SON Price	Actual Return	Mkt-RF	SMB	HML	Industry Index	Predicted Return	Abnormal Return	t-statistic	p-value	Sig[1]
5/1/2007	42.98	0.80%	0.16%	-0.09%	0.04%	0.63%	0.38%	0.41%	0.3883	0.6981	
5/2/2007	42.88	-0.23%	0.81%	0.53%	-0.06%	0.40%	0.61%	-0.84%	-0.7889	0.4309	
5/3/2007	42.40	-1.12%	0.37%	-0.34%	0.29%	0.05%	0.20%	-1.32%	-1.2354	0.2178	
5/4/2007	42.55	0.35%	0.27%	0.13%	0.01%	0.40%	0.34%	0.01%	0.0114	0.9909	
5/7/2007	43.16	1.43%	0.24%	-0.34%	0.33%	0.24%	0.23%	1.20%	1.1245	0.2619	
5/8/2007	43.10	-0.14%	-0.16%	-0.04%	-0.03%	-0.35%	-0.21%	0.07%	0.0655	0.9478	
5/9/2007	43.54	1.02%	0.35%	0.06%	-0.10%	1.22%	0.75%	0.27%	0.2576	0.7969	
5/10/2007	42.79	-1.72%	-1.39%	-0.39%	0.21%	-1.65%	-1.37%	-0.36%	-0.3347	0.7382	
5/11/2007	43.03	0.56%	1.02%	0.10%	0.13%	1.59%	1.23%	-0.66%	-0.6232	0.5337	
5/14/2007	43.33	0.70%	-0.29%	-0.59%	0.15%	-0.19%	-0.23%	0.93%	0.8715	0.3843	
5/15/2007	43.17	-0.37%	-0.20%	-0.75%	0.32%	0.71%	0.22%	-0.59%	-0.5517	0.5816	
5/16/2007	43.27	0.23%	0.72%	-0.22%	0.05%	-0.36%	0.15%	0.08%	0.0731	0.9418	
5/17/2007	42.99	-0.65%	-0.07%	-0.33%	0.06%	-0.15%	-0.10%	-0.55%	-0.5145	0.6074	
5/18/2007	43.14	0.35%	0.66%	0.32%	-0.39%	0.65%	0.62%	-0.27%	-0.2504	0.8025	
5/21/2007	43.20	0.14%	0.30%	0.85%	-0.26%	0.13%	0.28%	-0.14%	-0.1292	0.8973	
5/22/2007	43.21	0.02%	0.07%	0.66%	-0.18%	0.02%	0.12%	-0.09%	-0.0864	0.9312	
5/23/2007	42.84	-0.86%	-0.11%	-0.20%	-0.21%	-1.03%	-0.53%	-0.33%	-0.3052	0.7605	
5/24/2007	42.44	-0.93%	-1.15%	-0.31%	-0.14%	-1.24%	-1.09%	0.15%	0.1425	0.8868	
5/25/2007	43.17	1.72%	0.62%	0.17%	-0.02%	0.72%	0.64%	1.08%	1.0084	0.3142	
5/29/2007	43.46	0.67%	0.29%	0.55%	-0.05%	-0.24%	0.09%	0.58%	0.5451	0.5862	
5/30/2007	43.78	0.74%	0.80%	-0.28%	0.10%	0.65%	0.65%	0.08%	0.0773	0.9384	
5/31/2007	43.30	-1.10%	0.14%	0.29%	-0.31%	0.80%	0.46%	-1.56%	-1.4618	0.1451	
6/1/2007	43.83	1.22%	0.49%	0.33%	-0.01%	0.44%	0.47%	0.75%	0.7029	0.4828	
6/4/2007	44.89	2.42%	0.19%	0.03%	0.03%	-0.12%	0.06%	2.36%	2.2128	0.0278	**
6/5/2007	44.64	-0.56%	-0.55%	-0.07%	-0.23%	-0.90%	-0.65%	0.10%	0.0891	0.9291	
6/6/2007	44.00	-1.43%	-0.95%	0.13%	0.01%	-1.61%	-1.12%	-0.32%	-0.2957	0.7677	
6/7/2007	43.14	-1.95%	-1.83%	0.10%	-0.09%	-2.38%	-1.87%	-0.09%	-0.0832	0.9337	
6/8/2007	43.73	1.37%	1.06%	-0.11%	0.01%	0.89%	0.89%	0.48%	0.4504	0.6528	
6/11/2007	43.48	-0.57%	0.09%	-0.27%	0.10%	-0.50%	-0.19%	-0.38%	-0.3601	0.7191	
6/12/2007	42.93	-1.26%	-1.10%	-0.09%	-0.18%	-0.90%	-0.89%	-0.38%	-0.3520	0.7251	
6/13/2007	43.14	0.49%	1.40%	-0.29%	-0.06%	1.78%	1.43%	-0.94%	-0.8808	0.3793	
6/14/2007	43.30	0.37%	0.52%	0.04%	0.04%	0.59%	0.53%	-0.16%	-0.1531	0.8785	
6/15/2007	43.49	0.44%	0.72%	0.42%	0.01%	0.67%	0.69%	-0.25%	-0.2345	0.8148	
6/18/2007	43.70	0.48%	-0.11%	0.02%	-0.12%	0.18%	0.06%	0.43%	0.3997	0.6898	
6/19/2007	43.49	-0.48%	0.16%	-0.01%	0.11%	0.16%	0.18%	-0.66%	-0.6166	0.5381	
6/20/2007	43.47	-0.05%	-1.29%	0.17%	-0.28%	-0.55%	-0.79%	0.75%	0.6989	0.4853	
6/21/2007	43.50	0.07%	0.52%	-0.21%	0.05%	0.69%	0.56%	-0.49%	-0.4571	0.6480	
6/22/2007	42.96	-1.24%	-1.09%	0.63%	-0.02%	-0.80%	-0.76%	-0.48%	-0.4540	0.6502	
6/25/2007	42.70	-0.61%	-0.50%	-0.34%	-0.05%	-0.74%	-0.57%	-0.03%	-0.0322	0.9743	
6/26/2007	42.55	-0.35%	-0.42%	0.17%	-0.41%	-1.47%	-0.85%	0.50%	0.4664	0.6413	
6/27/2007	42.48	-0.16%	0.91%	0.33%	-0.23%	0.42%	0.63%	-0.80%	-0.7469	0.4558	
6/28/2007	42.85	0.87%	0.05%	0.12%	0.15%	0.14%	0.13%	0.74%	0.6909	0.4903	
6/29/2007	42.81	-0.09%	-0.09%	-0.34%	0.20%	0.48%	0.19%	-0.29%	-0.2680	0.7889	
7/2/2007	43.03	0.51%	1.12%	-0.08%	0.11%	1.25%	1.09%	-0.58%	-0.5422	0.5882	
7/3/2007	43.00	-0.07%	0.33%	-0.04%	-0.12%	0.16%	0.23%	-0.30%	-0.2805	0.7793	
7/5/2007	43.61	1.42%	0.10%	0.16%	-0.52%	1.17%	0.60%	0.82%	0.7718	0.4410	
7/6/2007	43.74	0.30%	0.43%	-0.07%	-0.14%	0.10%	0.24%	0.05%	0.0508	0.9595	
7/9/2007	43.56	-0.41%	0.14%	0.02%	0.03%	-1.16%	-0.45%	0.04%	0.0343	0.9726	
7/10/2007	42.70	-1.97%	-1.38%	-0.16%	-0.34%	-1.31%	-1.22%	-0.76%	-0.7098	0.4785	
7/11/2007	43.89	2.79%	0.49%	-0.28%	-0.10%	1.73%	1.01%	1.78%	1.6684	0.0965	*
7/12/2007	44.13	0.55%	1.73%	-0.18%	-0.30%	1.46%	1.42%	-0.87%	-0.8169	0.4148	
7/13/2007	44.40	0.61%	0.30%	-0.31%	0.13%	-0.18%	0.05%	0.56%	0.5260	0.5994	
7/16/2007	43.87	-1.19%	-0.32%	-0.47%	-0.31%	-1.58%	-0.91%	-0.28%	-0.2648	0.7914	
7/17/2007	43.80	-0.16%	-0.03%	0.15%	-0.14%	0.34%	0.18%	-0.34%	-0.3154	0.7527	
7/18/2007	44.20	0.91%	-0.17%	-0.24%	0.08%	-0.06%	-0.09%	1.00%	0.9414	0.3474	
7/19/2007	44.30	0.23%	0.47%	0.29%	-0.43%	0.44%	0.43%	-0.21%	-0.1946	0.8459	
7/20/2007	38.00	-14.22%	-1.19%	-0.29%	-0.18%	-2.28%	-1.59%	-12.63%	-11.8422	0.0000	***

Exhibit 2
Sonoco Products Co.
Regression Results for the Modified Fama-French Model Including the S&P500 Industry Index as an Explanatory Variable
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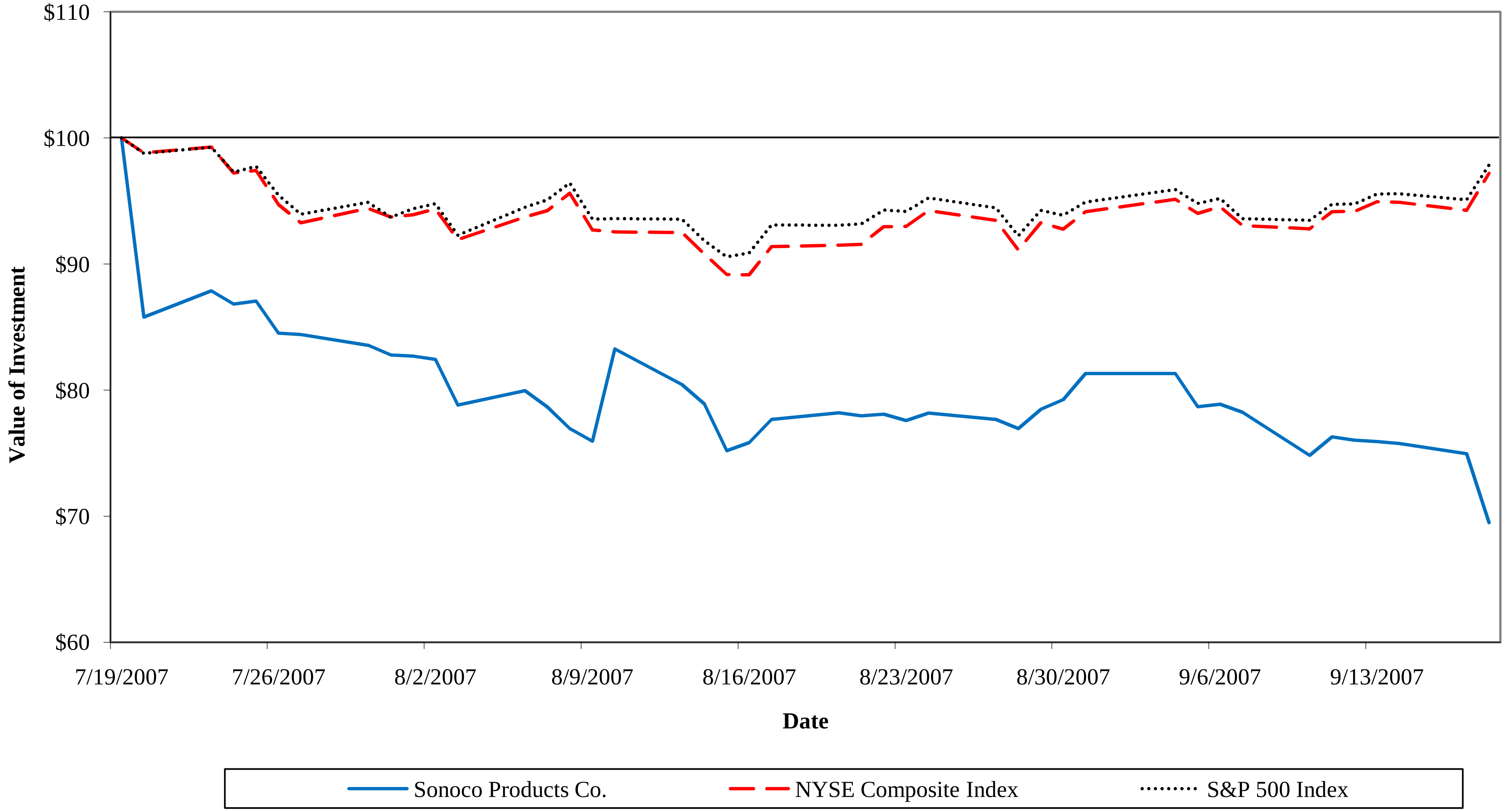
Calculation of the Abnormal Return

	Regression Input						Modified FFM: Custom Index Added				
Date	SON Price	Actual Return	Mkt-RF	SMB	HML	Industry Index	Predicted Return	Abnormal Return	t-statistic	p-value	Sig[1]
7/23/2007	38.93	2.45%	0.29%	-0.43%	-0.34%	0.63%	0.38%	2.07%	1.9376	0.0538	*
7/24/2007	38.46	-1.21%	-2.03%	-0.49%	-0.30%	0.21%	-0.82%	-0.39%	-0.3646	0.7157	
7/25/2007	38.57	0.29%	0.25%	-0.36%	0.02%	-1.42%	-0.56%	0.84%	0.7918	0.4292	
7/26/2007	37.44	-2.93%	-2.40%	0.02%	-0.37%	-4.53%	-3.14%	0.21%	0.1981	0.8431	
7/27/2007	37.39	-0.13%	-1.49%	-0.04%	0.10%	-1.10%	-1.13%	0.99%	0.9322	0.3521	
7/30/2007	37.01	-1.02%	0.91%	-0.23%	-0.09%	1.85%	1.25%	-2.27%	-2.1262	0.0345	**
7/31/2007	36.67	-0.92%	-1.03%	0.30%	0.07%	-2.14%	-1.38%	0.46%	0.4318	0.6663	
8/1/2007	36.63	-0.11%	0.39%	-0.52%	-0.12%	-0.50%	-0.09%	-0.02%	-0.0153	0.9878	
8/2/2007	36.52	-0.30%	0.58%	0.11%	-0.45%	-0.93%	-0.17%	-0.13%	-0.1179	0.9062	
8/3/2007	34.91	-4.41%	-2.61%	-0.67%	-0.60%	-3.61%	-2.89%	-1.52%	-1.4274	0.1547	
8/6/2007	35.42	1.46%	1.79%	-1.11%	-0.53%	2.09%	1.63%	-0.17%	-0.1610	0.8722	
8/7/2007	34.85	-1.61%	0.64%	0.27%	-0.44%	-1.13%	-0.23%	-1.38%	-1.2951	0.1965	
8/8/2007	34.09	-2.18%	1.54%	1.21%	-0.71%	2.25%	1.81%	-3.99%	-3.7374	0.0002	***
8/9/2007	33.64	-1.32%	-2.71%	1.62%	-0.42%	-3.21%	-2.51%	1.19%	1.1202	0.2637	
8/10/2007	36.89	9.66%	-0.07%	0.08%	1.18%	3.43%	1.68%	7.98%	7.4840	0.0000	***
8/13/2007	35.63	-3.42%	-0.08%	-1.17%	0.46%	1.61%	0.66%	-4.08%	-3.8229	0.0002	***
8/14/2007	34.95	-1.91%	-1.93%	-0.05%	-0.21%	-2.48%	-1.98%	0.07%	0.0686	0.9453	
8/15/2007	33.31	-4.69%	-1.58%	0.06%	-0.15%	-3.41%	-2.25%	-2.45%	-2.2930	0.0227	**
8/16/2007	33.59	0.84%	0.17%	1.36%	0.68%	-0.34%	0.12%	0.72%	0.6769	0.4991	
8/17/2007	34.41	2.44%	2.42%	-0.42%	0.21%	2.75%	2.33%	0.11%	0.1074	0.9145	
8/20/2007	34.64	0.67%	0.14%	0.12%	-0.23%	0.57%	0.35%	0.32%	0.2988	0.7654	
8/21/2007	34.53	-0.32%	0.20%	-0.05%	-0.03%	0.04%	0.13%	-0.44%	-0.4163	0.6776	
8/22/2007	34.59	0.17%	1.28%	0.02%	0.02%	2.33%	1.67%	-1.49%	-1.3984	0.1633	
8/23/2007	34.37	-0.64%	-0.18%	-0.98%	0.27%	-0.63%	-0.42%	-0.22%	-0.2052	0.8376	
8/24/2007	34.63	0.76%	1.22%	0.09%	-0.22%	0.53%	0.79%	-0.04%	-0.0335	0.9733	
8/27/2007	34.41	-0.64%	-0.85%	-0.07%	-0.20%	-1.44%	-1.03%	0.40%	0.3718	0.7103	
8/28/2007	34.09	-0.93%	-2.36%	-0.09%	-0.29%	-3.03%	-2.43%	1.50%	1.4062	0.1609	
8/29/2007	34.76	1.97%	2.16%	0.11%	0.01%	1.83%	1.82%	0.14%	0.1317	0.8953	
8/30/2007	35.10	0.98%	-0.40%	-0.02%	-0.47%	-0.10%	-0.23%	1.21%	1.1305	0.2594	
8/31/2007	36.02	2.62%	1.21%	0.04%	-0.12%	1.20%	1.10%	1.52%	1.4229	0.1560	
9/4/2007	36.02	0.00%	1.09%	-0.26%	0.07%	-0.37%	0.31%	-0.31%	-0.2888	0.7730	
9/5/2007	34.86	-3.22%	-1.03%	0.00%	-0.28%	-1.46%	-1.12%	-2.11%	-1.9734	0.0496	**
9/6/2007	34.94	0.23%	0.43%	-0.07%	-0.14%	0.39%	0.38%	-0.15%	-0.1381	0.8903	
9/7/2007	34.66	-0.80%	-1.64%	-0.25%	0.19%	-1.43%	-1.36%	0.56%	0.5215	0.6025	
9/10/2007	33.14	-4.39%	-0.31%	-0.50%	-0.16%	-2.25%	-1.21%	-3.17%	-2.9763	0.0032	***
9/11/2007	33.80	1.99%	1.34%	0.03%	-0.42%	0.64%	0.88%	1.12%	1.0460	0.2966	
9/12/2007	33.68	-0.36%	0.01%	-0.44%	-0.15%	-0.21%	-0.12%	-0.24%	-0.2217	0.8247	
9/13/2007	33.63	-0.15%	0.72%	-0.67%	0.15%	0.88%	0.70%	-0.84%	-0.7909	0.4298	
9/14/2007	33.56	-0.21%	0.11%	0.31%	-0.09%	0.09%	0.14%	-0.35%	-0.3252	0.7453	
9/17/2007	33.20	-1.07%	-0.60%	-0.43%	0.00%	-0.60%	-0.55%	-0.52%	-0.4892	0.6251	
9/18/2007	30.78	-7.29%	2.91%	0.57%	0.13%	3.74%	3.09%	-10.37%	-9.7262	0.0000	***

Note:
[1] ***, **, * indicate significance at the 1%, 5% and 10% levels based on a two-tailed test.

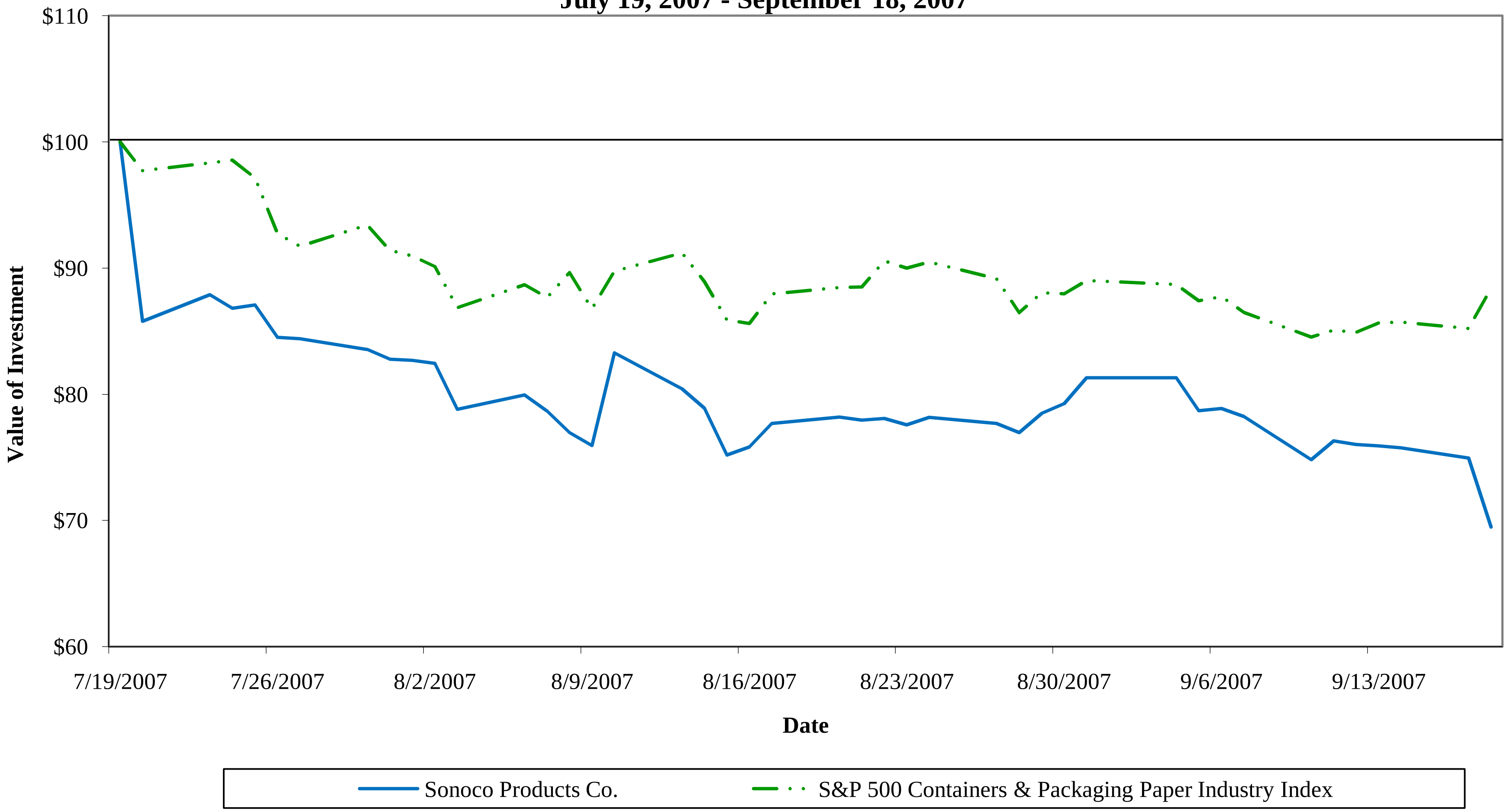
Source: Bloomberg L.P.

Exhibit 3
Sonoco Products Co.
Value of $100 Invested in Sonoco Products Co., NYSE Composite Index, and S&P 500 Index
July 19, 2007 - September 18, 2007



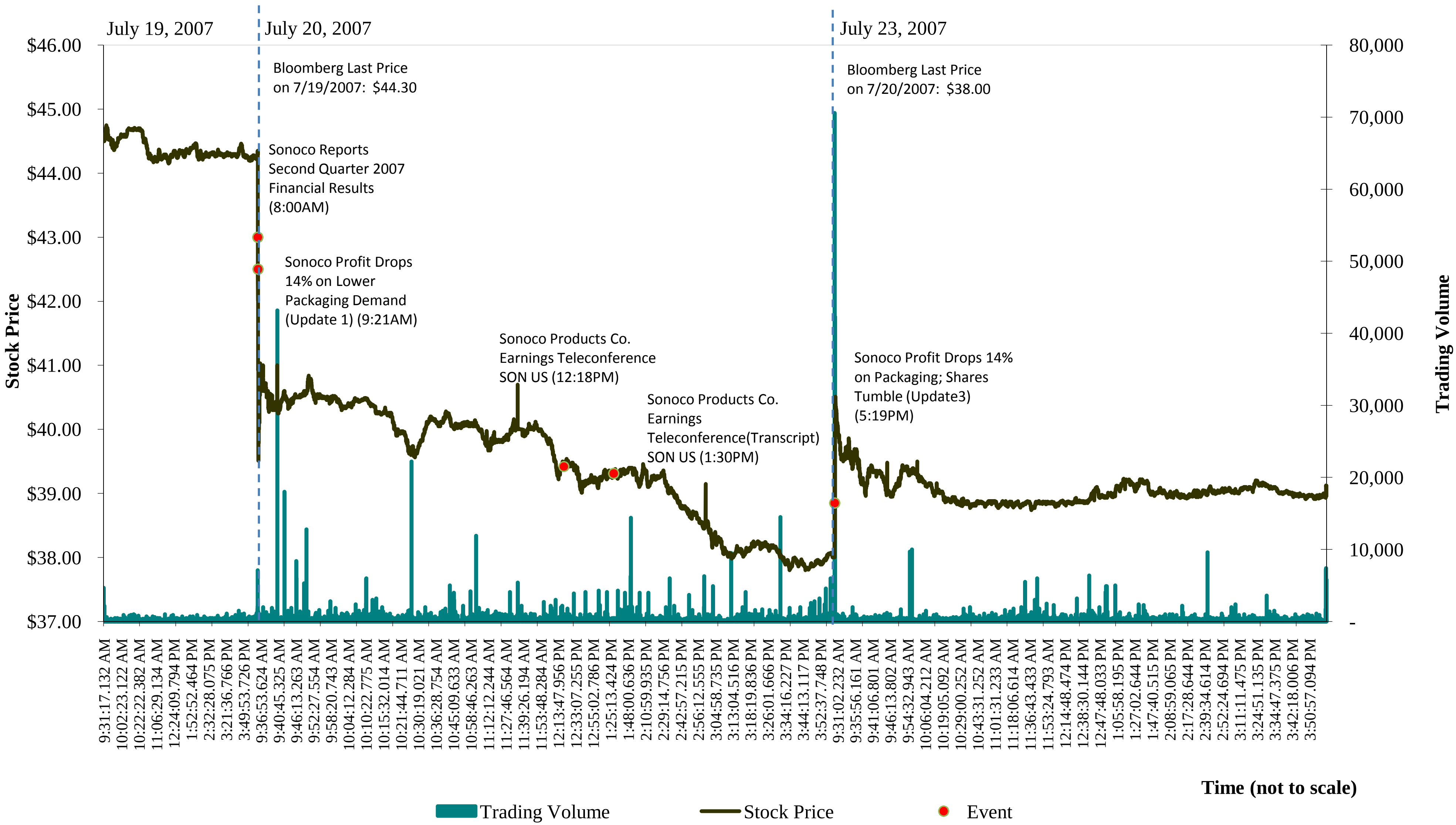
<u>Source</u>: Bloomberg, L.P.

Exhibit 4
Sonoco Products Co.
Value of $100 Invested in Sonoco Products Co. and the
S&P 500 Containers & Packaging Paper Industry Index
July 19, 2007 - September 18, 2007



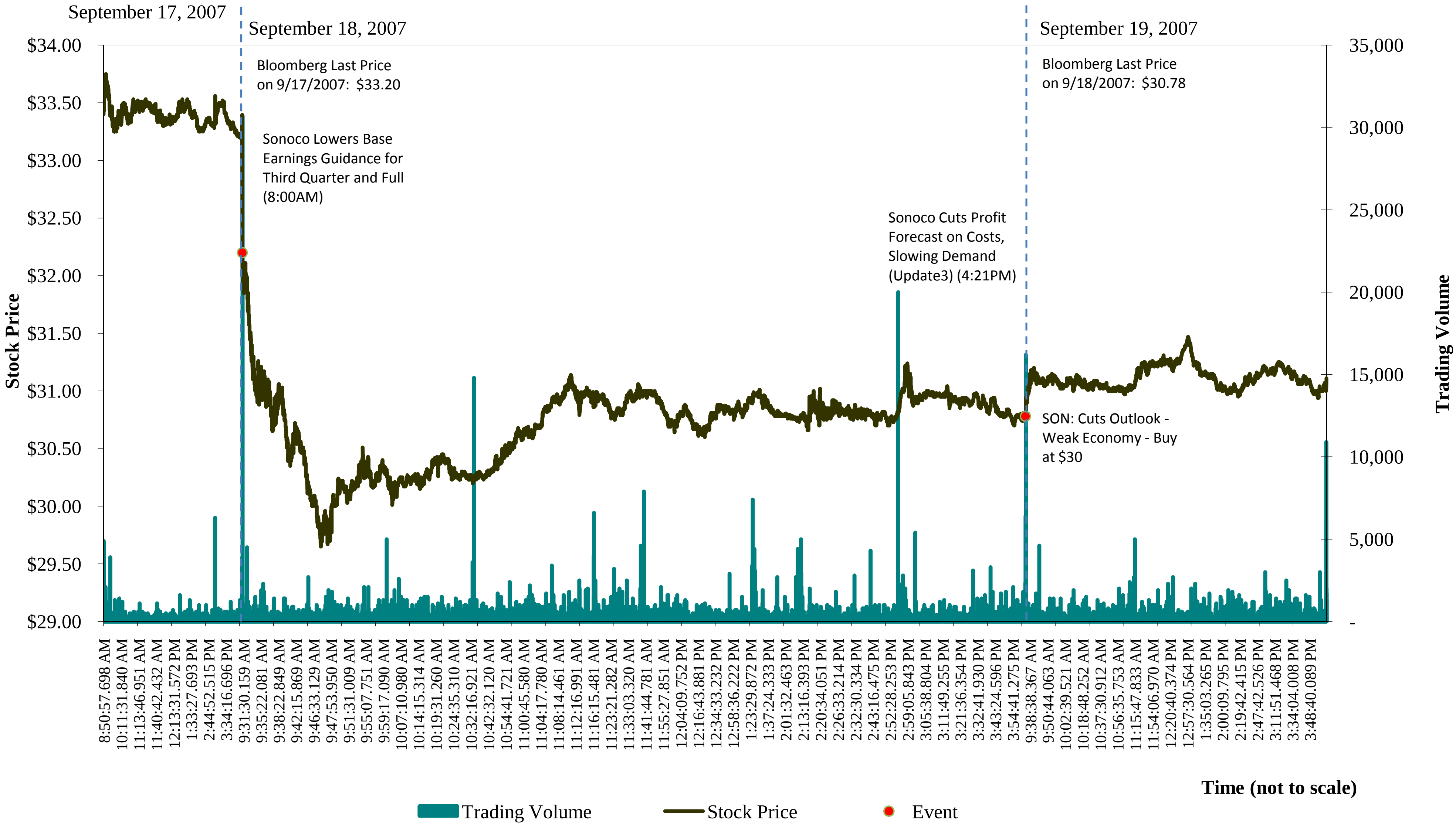
Source: Bloomberg. L.P.

Exhibit 5
Sonoco Products Co. Stock Price and Volume Movement
from July 19, 2007 to July 23, 2007



<u>Source</u>: TAQ NYSE Data.

Exhibit 6
Sonoco Products Co. Stock Price and Volume Movement from September 17, 2007 to September 19, 2007



Source: TAQ NYSE Data.